

## NEWS SUMMARY

## GENERAL BUSINESS

Gulf war  
warning  
given by  
Haig

Iran's gains in the war with Iraq have increased security fears for the oil-producing Gulf states and Western nations, said U.S. Secretary of State Alexander Haig.

Speaking to Nato ministers in Luxembourg he also said tension along the Israel-Lebanon border was adding to the volatile Middle East situation.

The ministers also heard Nato has prepared new ideas for the de-escalation of tensions in the Middle East, but that central Europe Nato ministers at odds. Page 3

## Cars fear

The UK motor industry is worried about growing stocks of Japanese cars in Britain and will raise the matter in Tokyo talks next week. Page 8

## PLO angered

The PLO in Beirut described Zaire's resumption of diplomatic relations with Israel as a "stab in the back".

## Jobs plan

Prince Charles said the Duchy of Cornwall is financing the conversion of several old estate farm buildings into workshops to create employment. Page 9

## Cheaper flights

New Civil Aviation Authority rules for charter flights between the UK and Western Europe could lead to cheaper air travel to holiday destinations. Page 9

## Border talks

India and China have renewed attempts to end their border dispute, which has been running for 20 years. High stakes in India. Page 4

## Mugabe visit

Zimbabwe's Premier Robert Mugabe started an 18-day trip, during which he will visit Britain and six other western European countries. Why Mugabe needs West. Page 18

## Angola deaths

South African aircraft killed seven civilians and six soldiers in raids on a power station and military targets, the Angolan News Agency said. Page 4

## Floods kill 379

The death toll in floods in China's Guangdong province is 379, according to newspaper reports. More than 1m people have been left homeless.

## Chinese reunion

The brother-in-law of China's last emperor returned to the mainland from Taiwan. Zhao Qifan was reunited with his wife and son, whom he had not seen since 1948.

## Resistance grows

Organised resistance to Soviet occupation is developing in Afghanistan, according to an Afghan guerrilla commander in Sweden.

## Ringing wet

A family from Mildenhall, Wiltshire, has bought an old telephone kiosk from British Telecom to convert into a shower.

## Briefly

Long killed a woman hospital patient and badly mauled a nurse at a safari park, near Liege, Belgium.

A 12-hour air traffic controllers' strike, over pay, halted nearly all flights in Italy. Page 3

Quads were born at Rochford Hospital in Essex.

Derby favourite Golden Fleece was reported lame by his stable and now seems doubtful. Racing. Page 15

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Aeronautical Centri 223 + 23	Assed Dairies 115 - 6
Barclays Bank 455 + 5	ANZ Banking 340 - 20
Breidson Line 174 + 10	Beecham 273 - 6
Chanel Tunnel 135 + 10	Bowater 312nd - 6
Chemring 375 + 10	Brit Sugar 355rd - 35
ESI London 297 + 6	Courtauld 89 - 5
Hutcliffe and Palmer 56 + 4	Davy Crpn 129 - 7
Lister 35 + 3	CEC 580 - 13
Pleasuram 255 + 20	Claxo 677 - 13
Reed Intl 308 + 5	GKN 162 - 6
Sedgwick Group 171 + 6	Hawker Siddeley 320nd - 81
Tozer Kemsley 73 + 6	Heath (C. E.) 338 - 7
Woodhouse Risson 231 + 11	ICI 318 - 4
Edgling Oil Gas 145 + 10	Rothmans Intl 941 - 44
Bligh Oil Minerals 15 + 15	UDS 58 - 3
Kloof 2131 + 1	Vickers 155rd - 91
Pancontinental Pet 27 + 1	BP 314 - 6
St Helena 114 + 2	
Sydney Oil 56 + 5	

## Britain making 'last bid' for Falklands peace—Thatcher

BY PETER RIDDELL, POLITICAL EDITOR

MRS THATCHER said yesterday that Britain was making one last attempt at the United Nations this week to find a peaceful settlement to the Falklands crisis, otherwise force will be used to expel the Argentine troops from the islands.

The Prime Minister was, however, gloomy about the chances of a diplomatic solution. After noting that talks in the last six weeks had "got nowhere," she said that "if the Argentines really wanted to withdraw, they had really wanted to obey the Security Council resolution, we should have seen some signs by now."

She hoped the actions of the task force, including the recent commando raid, would have "some influence" on the Argentine Junta and perhaps bring nearer a settlement.

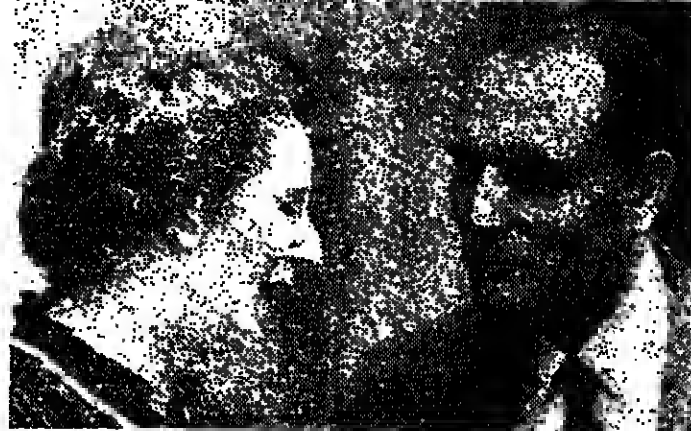
Mrs Thatcher also indicated that there is no more flexibility in Britain's negotiating position. "We have gone as far as we can. They are the invaders. It is up to them. If they want

President Francois Mitterrand of France yesterday underlined his country's solidarity with Britain over the Falklands crisis during 21 hours of "fraternal and friendly" talks in London with Mrs Thatcher, according to British officials.

The two are seen (right) outside No. 10 Downing Street. The President said, however, that he had also condemned British attempts to block an increase in EEC farm prices until agreement was reached on Britain's EEC budgetary contributions.

peace, and I do, they can have it by withdrawing."

Her comments, in an interview on Independent Radio News, confirmed the expectations of most MPs that the chances for a peaceful outcome are slipping away and that the Government is steeling itself to order an intensification of mili-



tary pressure, including possibly a landing on the islands. Senior ministers still appear to be apprehensive about the dangers involved in any escalation of the military conflict and, while sceptical about Argentine intentions, they are making one last effort to seek a deal, while ensuring that Argentina is

blamed for any breakdowns.

Mrs Thatcher said in the interview that there was "always time to pull back. And that is why our ambassador (Sir Anthony Parsons) has gone back to the UN this week to have one more go."

Continued on Back Page

Falklands crisis, Page 4

## Argentina tries war of nerves

BY BRIDGET BLOOM, OFFENCE CORRESPONDENT

AFTER A weekend of intense military activity in the Falklands conflict, the Defence Ministry in London said that Britain's naval taskforce yesterday continued to enforce the air and sea blockade of the South Atlantic islands.

However, while the Ministry said that yesterday had seen no operational contact, it appeared that both sides were endeavouring to keep up the military pressure against the background of fading hopes for a diplomatic solution to the crisis.

Early yesterday Argentine aircraft were reported to have been sighted by HMS Hermes, one of the two aircraft carriers with the task force. The carrier

immediately went to action stations, according to Michael Nicholson, the ITN reporter aboard the carrier.

Though there was no confirmation from the Defence Ministry it seems that the Argentine sortie was designed, as others have been, to exert maximum psychological pressure on ship and aircrews.

Reporters on both carriers said recently that most daylight hours are spent uncomfortably at action stations. This appears to be Argentina's answer to the British attempt to tighten the military screw by harassing and isolating the estimated 7,000 Argentine

garrison on the islands, with frequent attacks on airstrips and bombardments of military installations.

Yesterday the Ministry confirmed that two helicopters had been lost on April 23 in the recapture of South Georgia. There were no casualties and no details of the action, assumed to have occurred in early landings of special air service (SAS) personnel.

It was also announced yesterday that a SeaHarrier jump jet training at the naval base at Yeovilton had crashed and the pilot was receiving medical attention. Virtually every one of the Navy's estimated 28 Sea Harriers are in or shortly to go to the Falklands.

## CBS acquires Cassell publishing group

BY DAVID LACHLES IN NEW YORK

CBS, the U.S. broadcasting and publishing group, yesterday announced that it had bought Cassell, the British publisher of educational, medical and religious books. Value of the deal was not disclosed, although its suddenness caused some dismay among Cassell's staff.

The previous owner of Cassell was Macmillan, the U.S. publishing company based in New York.

CBS said the acquisition was made to strengthen the group's position in the international publishing market. It sees this as a significant growth area because of population trends which would require higher

spending on published material in a number of countries.

Dr Stanley Frank, head of CBS's educational and professional as the world's leading medical publisher, and accelerate our entrance into the English-as-a-foreign-language market and strengthen our product base in the educational market.

CBS will acquire with Cassell the company's offshoots Bailliere Tindall, a medical publisher, and Geoffrey Chapman which publishes religious texts. CBS will also become UK dis-

tributor of Berlitz phrase books and guides, and the exclusive distribution agency for Cassell dictionaries.

CBS has been a force in the U.S. publishing business for some time. Recently it has been pulling out of the mass market to concentrate on educational and professional publishing and consumer magazines. It already owns Holt, Rinehart and Winston, a U.S. publisher, and a number of specialty publishers.

Duncan Campbell-Smith adds: Cassell moved to new premises in London in March following a sharp contraction of the

company in 1980-81 when it discontinued or ran down its fiction and art books divisions.

The reorganisation has reduced Cassell's publishing staff by half to about 80.

Union representatives of the staff said yesterday they had received only short notice of the March relocation and were shocked by the suddenness with which the CBS takeover had been announced.

Since February, the law has required certain background information on company takeovers, to be supplied to employees affected by any prospective change of owner-

## Big companies to benefit in oil licence round

BY RAY DAFTER, ENERGY EDITOR

MAJOR OIL corporations are to be favoured in a new round of UK exploration licences announced by the Government yesterday.

The Energy Department intends to licence about 85 blocks in various regions of the UK Continental Shelf. A few blocks probably between 10 and 20, in the oil-producing region of the North Sea are to be auctioned in a move to raise instant cash for the Treasury.

Many blocks on offer will be in unproven, deep-water areas where exploration and development ventures will be costly and technically challenging.

It was being stressed in the industry last night that small independent companies would probably be squeezed out of both these frontier areas and the auctioned blocks by the bigger, cash-rich corporations.

Mr Ted Rowlands, Opposition energy spokesman, said in the Commons that the auction would return North Sea licences into the hands of multinational corporations and would be contrary to the concept of development of small UK companies.

This was a concept fostered in the previous seventh round of licences and which gave rise to many exploration groups.

Mr Nigel Lawson, Energy Secretary, said: "In today's climate some smaller companies may have difficulty in raising the finance needed to participate. Nevertheless, I hope there will be a fair scattering of licences granted to small companies."

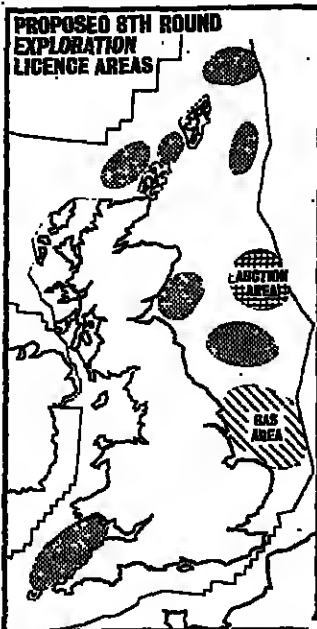
Between 150 and 200 blocks are to be put on offer only about half of which are expected to be taken up. Among the most attractive of these will be the auctioned concessions.

The Government may well hope it can reap a sum of perhaps the £210m raised through the licensing of self-chosen premium blocks in the seventh round.

Mr Hamish Gray, Minister of State for Energy, said the Government would continue to consider the suitability of auction-block applicants. Blocks might not always be awarded to the highest bidder or, in certain cases, to any bidder.

A substantial part of the awards will be made in the gas-producing area of the southern North Sea. Companies have told the Government that higher prices being paid for gas supplies should encourage a resurgence of exploration drilling.

The rest of the blocks offered will mostly be in areas new to exploration: the Unst, Fair Isle and West Orkney geological



basins: East Shetlands; the Forth approach to the entrance to the Bristol Channel and a central section of the North Sea.

Companies will be invited in August or September to apply for the licences by the end of the year. It is expected the concessions will be awarded in spring 1983.

The awards will again be discretionary. Applicants will be screened on the basis of their financial standing, technical expertise, past experience, and willingness to give UK manufacturers and service companies a full and fair opportunity to bid for orders.

In the eighth round the discretionary system will be extended to embrace the applicants' willingness to encourage British offshore technology, especially in research and development phases.

The industry welcomed the announcement guardedly though there was disappointment among independent companies.

Mr George Williams, director general of the UK Offshore Operators Association, said the auction concept would provoke a mixed reaction among association members.

"While we are keen to explore, and certainly interested in bidding, the thing which people will have at the back of their minds will be whether the tax systems will encourage the development of anything found."

British Petroleum was disappointed the auction system had been adopted, which would divert funds available for exploration.

Parliament, Page 11

## Union in HGV test stations bid

BY JOHN LLOYD, LABOUR EDITOR

A CIVIL servants' union plans to bid for the 91 heavy goods vehicles testing stations the Government intends to privatise—and hold them in trust for a return to the public sector.

The bid will come from the Institution of Professional Civil Servants, the 100,000-strong union which organises Government scientists, engineers and other specialists. The sale of the stations is expected within a few months.

Mr William McCall, the union's general secretary, told the annual conference in Bournemouth yesterday: "If the Government insists on privatisation despite all our efforts, we will be ready to set up a non-profit-making company to hold the stations in trust and to see that the service continues to run in an efficient, objective and impartial way, and at the first opportunity we will return them to the public service where they properly belong."

The union's intention could set a precedent for the purchase of public assets by other unions to demonstrate their commitment to the public sector.

The official valuation put on the stations is £38.5m, a rough guide to their market value, if sold freehold. On a leasehold sale—a more likely arrangement—the price might be between £6m and £8m.

The institution has already held detailed discussions with banks on raising loans for the purchase, and has received assurances that funds could be made available.

Union officials say the banks see the purchase as possibly a profitable venture. The stations, which charge a £16.50 fee for each heavy goods vehicle or public service vehicle tested, have a yearly turnover of £14m. It is believed that they at least break even, and they may make as much as £2m profit annually.

The IPCS organises about half of the stations' 1,000 staff, with the Transport and General Workers Union and, to a lesser extent, the Amalgamated Union of Engineering Workers organising industrial grades. The institution is to hold talks on the venture with the TGWU

next month, under the auspices of the TUC's construction industry committee.

Mr Bill Brett, the union's assistant general secretary, said yesterday the Government was determined to continue with the sale, in spite of protests from the Road Haulage Association and the Passenger and Freight Transport Associations. It had not committed itself to selling off all the stations to a single bidder, though it had pledged that it would seek parliamentary approval for a bidder or bidders. He said only one bidder—Lloyd's Register—had so far shown interest.

The union intends to return the stations to any future Government—most probably, it believes, a Labour Government—which would take them back into the public sector. Talks with Labour front bench spokesmen have convinced the union that the ambiguity surrounding Labour's policy on privatisation would not affect it.

Conference report, Page 10

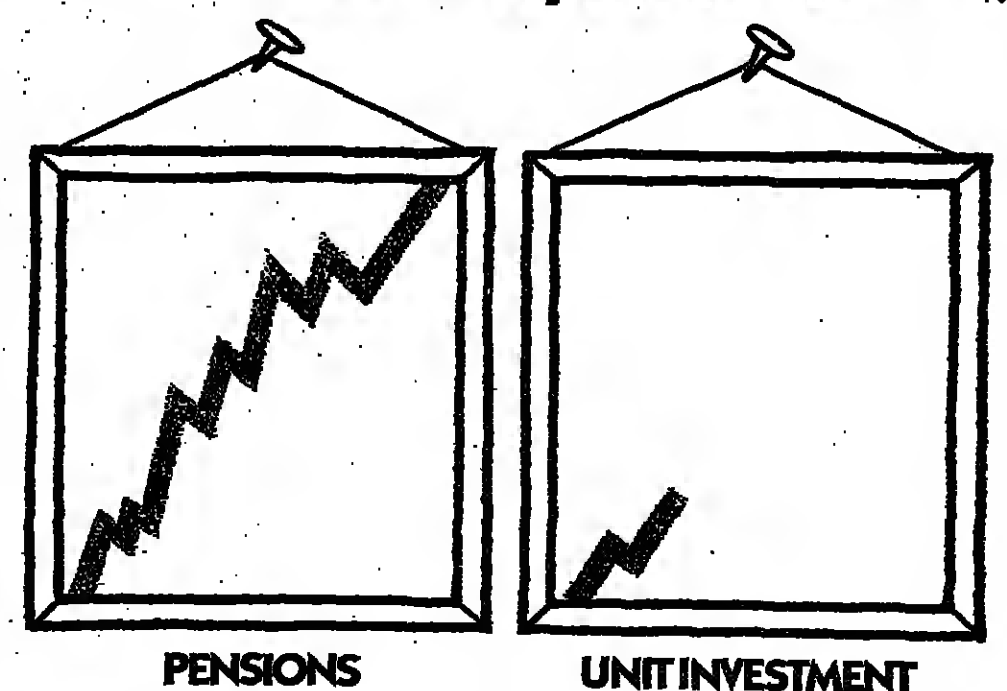
## CONTENTS

Zimbabwe leader's European tour: why Mugabe needs the West	18
Provincial press: wrestling with the freeshoots	19
Technology: standardising computer communications	14
Commercial law: periodically published house guide not a periodical	15
Management: small business training course	16
Editorial comment: Poland; merger control	18
Lombard: John Cherrington on the dear food trap	19
Industrial property: redeveloping the recession's factory wasteland	23
Survey: corporate finance	inset

American News	5	FT Actuarial	31	Parliament	11	Weather	36
Appointments	22	Foreign Exchanges	32	Racing	15	World Trade News	35
UK	23	Gold Markets	25	Share Information	34	World Value	31
International	23	Ind. Companies	27-29	Stock Markets	31	INTERIM STATEMENTS	
Arts	23	Leader Page	18	Wall Street	30	Unilever	21
Base Rates	24	Letters	19	Bourses	30	Wellcome Foundation	21
Business Adv.	15-17	Law	18	Technology	14	ANNUAL STATEMENTS	
Canada/US	26	Lombard	19	TV and Radio	75	S.O.C.	24
Companies UK 20-22	24	London Options	22	UK News	10	Harold Parry	24
Crossword	13	Management	16	General	8, 9	Higgs & Hill	24
Entertain. Guide	13	Men and Motors	21	Labour	10	Land Sec.	21
Euro/markets	27	Writing	21	Unit Trusts	10	Pearl Assurance	21
Euro Options	28	Money Markets	32	Autos	32	Wells Fargo	28
European News	2, 3	Overseas News	4	Other	33	Whitbread	25

For latest Share Index page 01-246 8026

## LIKE FATHER, LIKE SON.



Our new unit investment programme guarantees not only an impressive choice of nine unit-linked funds in investment, savings and pensions contracts. But an impeccable pedigree as well, our successful pensions record.

We've been in Planned Savings magazine's top four personal pension plans for the past nine years, with a performance 37% better than the average.

For more information, ask your financial adviser or post the coupon. You'll find that at NPI, success breeds success.

TO: John Fisher, National Provident Institution, 48 Gracechurch Street, London EC3V 0BB. Please send me details of your Unit Investments programme.

Name \_\_\_\_\_ Address \_\_\_\_\_

FT 18/5  
**NPI UNIT INVESTMENTS**  
IT PAYS TO LISTEN TO EXPERTS.



## EUROPEAN NEWS

## Local Socialists bitter at French Government's N-power plans

BY DAVID WHITE IN PARIS

"EVERYBODY to Golfech on May 29!" The slogans are all over the walls of student-filled Toulouse, a reminder that at a stage when France is already obtaining 40 per cent of its electricity from nuclear power—the anti-nuclear movement is still going on. But, here at least, it is a movement that has lost its heart.

The demonstration is to mark the six-month anniversary of the last big protest, when the Mitterrand Administration had made clear it would keep the bulk of the nuclear programme. Forty people were hurt in the scuffle at Golfech, the only nuclear site in the Midi-Pyrénées region and—after the abandonment of the fiercely contested Plogoff project in Brittany—the focus of the country's frequently violent anti-nuclear campaign.

The ecologist cause has still rally large numbers, but there remains a wide gulf between the country folk on the spot and those they call "the hippies." Meanwhile the political establishment, which here is predominantly Socialist and Radical, has stopped opposing the project, and front-line resistance among the farming population has crumbled.

Die-hard opponents are embittered. "I've been cuckolded,"

says M René Dauty, Socialist ex-mayor of Auvillar, a lovely medieval town neighbouring the Golfech site.

M Germain Dupeyre, one of the older farmers opposing the plant, shows more enthusiasm recounting his past brushes with the police—and their embarrassment at having to arrest him—than he does about the forthcoming protest. "Once you've started fighting something, you go on with it," volunteers another, M Emile Faucon. But he no longer has any illusions about achieving anything.

The project, on an island formed by the Garonne river 50 miles north-west of Toulouse, was planned by the previous government to be one of the biggest in Europe, with four 1,300 Mw reactors.

Opposition crystallised in 1975, when a referendum in the area produced an 80 per cent "no." The regional council said "no" in 1978, and the elected Tarn-et-Garonne departmental council came to the same verdict the following year. But that autumn, the authorities went ahead with a "public utility" project. Opponents, including respected local figures, responded by tearing out the pages of the documents on display.

Next to the administrative



Demonstrators at Plogoff in Brittany: the abandonment of this project was the one major victory for the anti-nuclear lobby

buildings going up at the site, protected by a high wire fence and barbed wire entanglements, a sign tells visitors that a building permit was granted on May 5, 1981—less than a week

before the end of M Giscard d'Estaing's reign as President. The new Government suspended this and several other projects. Curiously, however, earthmoving work on regulat-

ing the river level at the site went on. In October the Government, opting to keep six of the nine nuclear reactors on which work had been planned to start in 1982-83, "unfroze" Golfech,

along with other sites in the north and east.

Only one reactor is scheduled at Golfech for this period, instead of the original two. Overall—depending on new decisions to be made for 1984—France's total installed capacity at the end of the decade is likely to be 10-15 per cent less than the 66,000 megawatts planned under M Giscard. But, owing to the scaling-down of projected requirements, nuclear power's share of France's total energy use will be closer to the previous Government's 30 per cent target than to the 21 per cent which the Socialists foresaw in their election campaign.

Opponents at Golfech concede that Electricité de France, the power generating board, played its hand expertly.

At the end of the year it concluded its first ever negotiated agreement with the regional council, which had set a price on its change of mind. Local entrepreneurs are promised 200m worth of work, about a tenth of the total, and half the 2,000 construction jobs. The board will also pay the region 10m (€900,000) a year while building is going on—as an incentive for indus-

trial development—and a further 5m a year for as long as the plant is in operation.

M Dauty, an agronomist and wine expert, is scornful about the benefits when set against the negative effects, such as the loss of alluvial farmland and the influx of immigrant workers. His vision of the plant is as a "symbol of a centralised, and therefore authoritarian, society."

He resigned as mayor in 1980 when he realised that the majority, ranging from the Communists to the Right, had been won over to the project. He accuses his fellow-townsmen of "an act of collective cowardice."

Only about 3 per cent remained as active opponents. "Where were the rest of the 80 per cent?" he asks. "They were playing the horses."

In contrast to Plogoff, where the anti-nuclear lobby scored its one major victory, or to the wine-growing plains of Languedoc, or to the Larzac region of the neighbouring Aveyron department, where sheep farmers last year won their long struggle against the extension of an army camp, there is little regional sentiment here. Only a few, such as M Faucon, still use or know the old Gascon speech, and the com-

paratively modern farms of the Garonne valley have often been taken over by Italians or ex-colonial pieds noirs from Algeria.

If people like M Faucon think little of their fellow inhabitants "looking out from behind their curtains," they think even less of regional power politics. Many of the local dignitaries who joined the anti-Golfech campaign—such as M Jean-Michel Baylet, Radical MP and mayor of the nearby town of Valence d'Agén, and his mother Mme Evelyn Baylet, "patronne" of the Toulouse-based local paper La Dépêche du Midi—have changed their tone.

Nobody is really surprised that the Socialist majority eventually turned out in favour. But many feel they were taken for a ride, and that the Government lied when it promised a "vast debate" on the whole nuclear issue.

M Dauty still belongs to the Socialist Party, but rather against my better judgment," M Faucon, who was a socialist voter before becoming committed to the anti-Golfech cause and vesting his hopes in the Socialists, says: "I'll never vote again." As for M Dupeyre, he has sent back his elector's card.

## Spanish officials pessimistic that Gibraltar frontier will reopen in June

BY TOM BURNS IN MADRID

THE LIFTING of the Gibraltar blockade on June 25 and the simultaneous talks between British and Spanish foreign ministers to discuss the future of the Rock are viewed as increasingly uncertain prospects among government officials in Madrid. June 25 was the date chosen by Madrid and London when both governments agreed to postpone the double event of border re-opening and negotiations, originally scheduled for last April 20, in the wake of the Falkland Islands crisis.

In the six weeks since the Argentine invasion, Spain has distanced itself from Western government opinion over the conflict by making broad common cause with Latin American support for Buenos Aires. The official pessimism over short-term progress in the Gibraltar dispute is a consequence of what the Spanish Foreign Ministry terms Britain's inability to recognise the "underlying colonial problem" of the Falklands issue. A Madrid foreign ministry statement

termed British armed action in the South Atlantic "an historic error."

The Spanish Cabinet and the Foreign Ministry think Britain is unlikely at present to be able to offer guarantees that the unilateral re-opening of the border, sealed by Spain in 1969, will be accompanied by a substantive negotiating agenda that will deal with the "whole problem of Gibraltar" according to the terminology of the 1980 Lisbon joint statement that set a framework for talks.

A key factor in this view is that Lord Carrington has been replaced as Foreign Secretary. As well as recognising that Mr Francis Pym has had very little time, if any at all, to brief himself on the complexities of the vexed Gibraltar question, Spaniards stress that his predecessor was well versed in the issue and had gained the trust of Madrid's negotiators. A senior aide to the Prime Minister recalled that when Sr Leopoldo Calvo Sotelo visited London last January, Mrs Margaret Thatcher

continually referred to Lord Carrington when Gibraltar was under discussion.

The evolution of the Falklands crisis, and Spain's alignment with her "Hispanic heritage," has in the event toughened Madrid's approach to the projected talks on June 25. In return for lifting the blockade, Spain will be looking for concrete undertakings and timetables to negotiate the sovereignty question.

It is argued that the onus is now on Britain to demonstrate

to world opinion that she can properly negotiate anachronous issues such as Gibraltar.

Such predominant feelings in Spain have led government officials to the conclusion that, barring an unforeseen and spectacular peace move in the South Atlantic, the June 25 date would be best dropped from the political calendar. If there were good reasons for postponing both talks and the border opening at the beginning of April, the reasons are even more valid now.

## U.S.-Malta bid to mend links

By Godfrey Grima in Valetta

ANOTHER ATTEMPT to restore sound political and economic ties with the U.S. is being made by Malta at a round of talks here between Mr Dom Mintoff, the Prime Minister, and Mr Lawrence Eagleburger, the U.S. Under-Secretary of State for Political Affairs.

The two men met at a working lunch yesterday and are due to continue negotiations later today. Before his departure, Mr Eagleburger will sign an agreement on double taxation. The two countries have had only lukewarm relations for close to two years, with Mr Mintoff complaining that the U.S. has wilfully distanced itself from Malta.

One of the main issues concerns a long-standing demand by Malta for U.S. guarantees of the island's neutrality and a promise of economic support. Washington disclaimed any interest in such a deal, more so after a similar accord was signed by Malta with the Soviet Union last October. Eighteen months ago the U.S. withdrew ambassador Joan Clark.

The invitation for Mr Eagleburger to fly to Malta for talks comes at a time when the island's economy appears to be beset with difficulties due largely to the world recession. Investments are virtually at a standstill, unemployment is spiralling, exports are down and income from tourism is falling. At the same time, the promise of large orders from East European countries has still not been fulfilled.

## Spain's entry 'will help offset Nato weakness'

MADRID—Spain's contribution to the North Atlantic Treaty Organisation will not be in nuclear weapons but in conventional forces where the alliance is weakest, Sr Alberto Oliart, the Spanish Defence Minister, said in an interview published yesterday.

Sr Oliart told the conservative daily newspaper, ABC, that the Cortes (Parliament) had passed a law forbidding the storage or use of nuclear weapons in Spain without its express permission.

He said, medium-range nuclear warheads in Spain were of little use to Nato as they would only be able to reach the southern border of the Soviet Union. But this would not reduce Spain's potential contribution to the alliance.

"Nato's weakness at the moment is not so much in nuclear power but in conventional forces. The nuclear potential of the United States, Britain and France equals that of the Soviet Union."

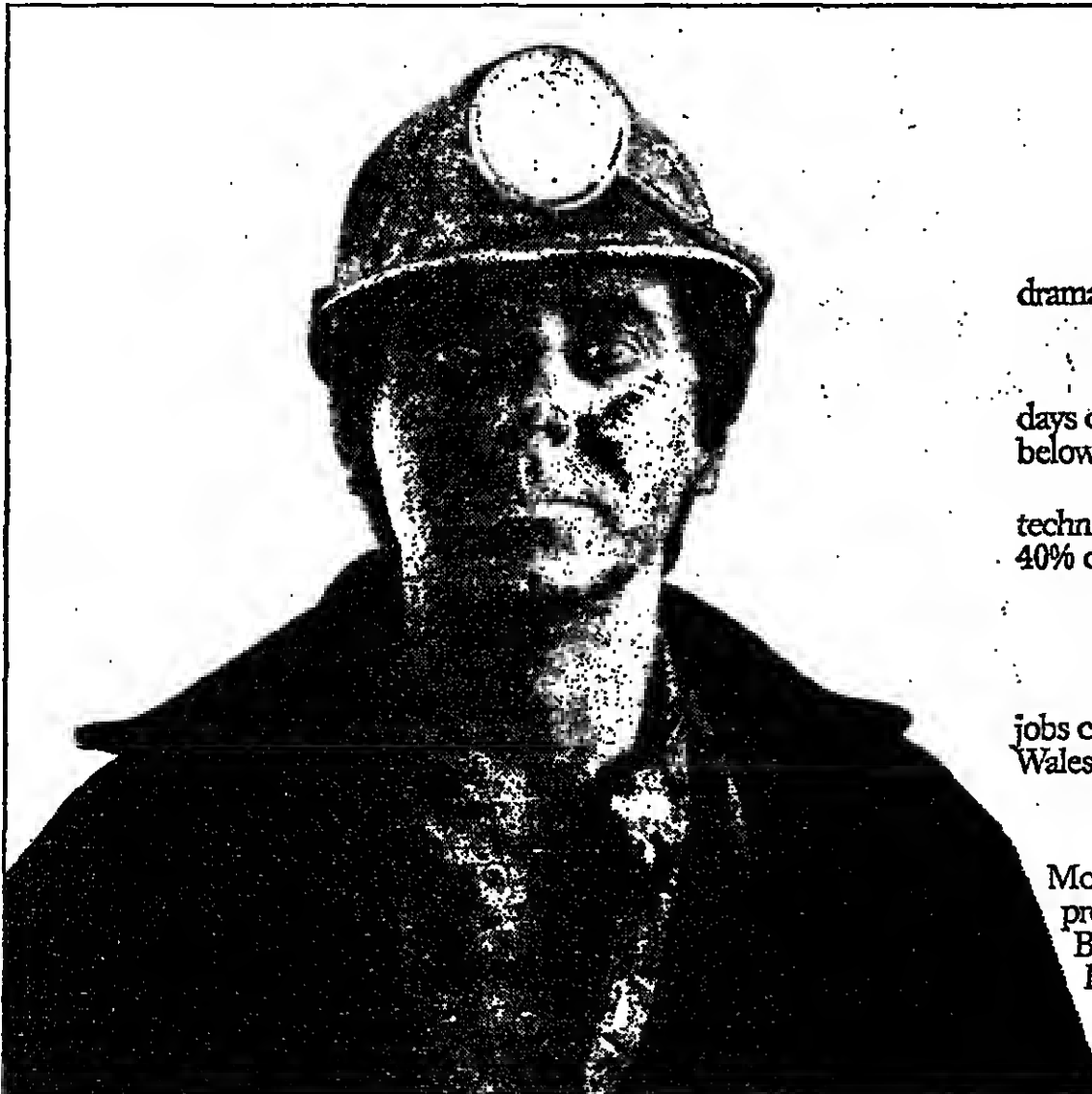
There was, however, an imbalance in conventional forces and "there, Spain can provide an army of land, sea and air that for a country of our size is very good and for

Europe, too."

The Minister said he expected Spain to become the 16th member of Nato by the end of the year. Every member except Greece has approved Spain's candidacy. Portugal, however, has expressed concern that Spain might take over command of Nato's Iberian front. Sr Oliart said it was important that Portugal maintained its independence in the alliance for strategic as well as historic reasons. "We must respect Portuguese sensitivity and work to improve ties between the two countries," he said.

He added that if Spain's Socialists won the next general election scheduled for early 1983, they would not pull Spain out of Nato because "they will be under pressure to face the European reality."

Reuter



The face of Welsh industry has changed dramatically in the past few years.

So, indeed, has the face of our workforce.

Because most of what we produce these days comes from above ground. Rather than below it.

In fact, engineering and the high-technology industries now account for around 40% of our manufacturing employment.

Which has to be a change for the better.

Yes, there have been redundancies.

But there have also been thousands of jobs created by hundreds of companies new to Wales.

We're host to a host of household names.

Like Sony. Whose chairman, Mr Akio Morita, has gone on record as saying that productivity and labour relations at his Bridgend plant are every bit as good as back home.

Small wonder then that Aiwa, National Panasonic and GEC-Hitachi live practically next door.

## THE FACTS ABOUT OUR WORKFORCE IN BLACK AND WHITE.

Our manpower makes Ford's horse power, too. Escort engines to be precise.

And there are no prizes for guessing where Control Data and BICC are based.

Of course, we're delighted by the arrival of so many new faces.

Because together, they're changing ours.

For more information about what Wales has to offer your business call Ted Cleaveley or David Morgan on Treforest (044385) 2666.

Or complete the coupon.

## WELSH DEVELOPMENT AGENCY

Please tell me how my business would benefit from a move to Wales.

☐ factories available ☐ investment funds

Name \_\_\_\_\_

Position \_\_\_\_\_

Nature of business \_\_\_\_\_

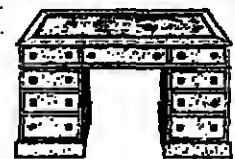
Company \_\_\_\_\_

Address \_\_\_\_\_

Tel. No. \_\_\_\_\_

To: Welsh Development Agency, Pontypriid, Mid Glamorgan, CF37 5UT.

## THE DESK SHOP



## SPECIALISTS IN TRADITIONAL OFFICE FURNISHING

Specialists in Antique Pedestal and Pinnars' desks. A wide range of reproduction desks available for contracts, any colour. Leather top available, matching chairs and filing cabinets. Antique desk finding service.

RENOVATION We Offer A Leather Refining Service And General Renovation Carried Out By Our Own Skilled Team Of Cabinetmakers. Special Weekend Service.

BESPOKE DESKS We Will Design And Make A Desk To Your Own Personal Specifications.

TELEPHONE OXFORD (0865) 45524 41 ST. CLEMENTS, OXFORD

ISE Canadian Finance Ltd. 25, St. James Street, London W1A 1AB. Since its formation in December 1980, ISE has been given to the public a free choice during the twelve month period ended May 1, 1982, there was purchased \$1,175,000 aggregate principal amount of the Debentures.

ISE Canadian Finance Ltd. May 10, 1982

## OECD



## THE EXPORT CREDIT FINANCING SYSTEMS IN OECD MEMBER COUNTRIES

Export credit has become a key factor in the growing competition for sales of capital goods, especially in Third World and Eastern markets. This updated description of the export financing systems and practices of OECD countries includes a new comparative summary and an outline of the OECD Arrangement on credit terms. (May 1982, £ 5.00)

## "OECD Monetary Studies" Series

BUDGET FINANCING AND MONETARY CONTROL This study focuses on (i) the problem of financing large budget deficits without compromising the achievement of monetary targets; and (ii) the extent to which increased public sector borrowing may constrain the financing of the private sector. (March 1982, £ 3.00)

## GOVERNMENT DEBT MANAGEMENT. Objectives and Techniques.

Large and continuing government deficits have led to a noteworthy increase in public debt outstanding and overall borrowing requirements. This report describes and analyses the methods available to government debt managers for meeting present-day objectives of debt management policy. Volume 1 (March 1982, £ 2.50)

## INNOVATION IN SMALL AND MEDIUM FIRMS.

Background Reports. (February 1982, £ 5.00)

## EAST-WEST TRADE. Recent Developments in Countertrade (October 1981, £ 3.50)

## NORTH-SOUTH TECHNOLOGY TRANSFER: THE ADJUSTMENTS AHEAD. Analytical Studies (March 1982, £ 9.00)

## LABOUR SUPPLY, GROWTH CONSTRAINTS AND WORK SHARING (February 1982, £ 2.50)

1982 OECD CATALOGUE OF PUBLICATIONS (free on request)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

You may attach your business card to this Order Form to be returned (for UK customers) to:

HER MAJESTY'S STATIONERY OFFICE, PM1C, Atlantic House, Holborn Viaduct, LONDON EC1P 1BN (for overseas customers) to:

OECD

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT 2, rue André-Pascal, 75775 PARIS CEDEX 16, FRANCE



# Inflation threat to EMS, says Lahnstein

BY JONATHAN CARR IN BONN

WEST GERMANY'S new Finance Minister, Herr Manfred Lahnstein, has warned that the European monetary system (EMS) will be threatened unless member states can cut their inflation rates.

His comments in a West German financial publication, yesterday follow another weekend of speculation about—and official denial of—a further devaluation of the French franc within the EMS.

Herr Lahnstein was careful to mention no countries by name, but he stressed the urgency of joint action both "to reduce the gap between inflation rates (in the EMS) and to cut the rates themselves."

"Without an energetic and jointly co-ordinated ability, policy, we run the danger that parity changes will constantly be necessary, thus undermining the confidence of the currency market in the credibility of the system," the Minister said.

His warning is similar to that of Herr Karl Otto Poehl, the Bundesbank president, following the devaluation of the Belgian and Luxembourg franc and the Danish krone within the EMS in February.

His comments in a West German financial publication, yesterday follow another weekend of speculation about—and official denial of—a further

devaluation of the French franc within the EMS.

Herr Poehl agreed that parity changes in the EMS were unavoidable from time to time but if they increased in frequency they would undermine the system itself. In particular, they would increase the gap in inflation rates still further.

While the February realignment—the fifth since the system was born in 1979—involved relatively minor 3.3% currency changes, it is the French franc about which the West Germans are most worried. The French inflation rate is running at well over double West Germany's 5 per cent. And while Italian inflation is higher still the lira has a wider fluctuation band within the EMS than does the French franc.

Bonn's fear is that the current expansionist course of French economic and fiscal policy will increase EMS tensions about all between France and Germany, and make constant realignments likely.

In his article, Herr Lahnstein also made clear he felt that further institutional development of the EMS, in particular establishment of a European Monetary Fund was not possible "under current political conditions."

## Nato ministers at odds over detente reference

BY JOHN WYLES IN LUXEMBOURG

MINISTERS ATTENDING the North Atlantic Council in Luxembourg were divided yesterday about whether the Nato heads of government summit in Bonn next month should express a renewed interest in East-West detente.

The dispute over a reference to detente in the summit's draft final communiqué pits West Germany and others on one side against Britain and the United States. Detente has virtually disappeared from the Nato vocabulary since the Soviet invasion of Afghanistan and the declaration of martial law in Poland.

Throughout this period, West Germany has fought to retain an emphasis in Western policy on dialogue with the Eastern bloc as well as on defence and deterrence. Herr Hans Dietrich Genscher, the West German Foreign Minister, kept up his efforts to Luxembourg yesterday by stressing the sensible advantages that detente had brought to the peoples of a divided Europe.

Britain and the U.S., how-

ever, appear anxious that the summit should not send the wrong signals to Moscow. They fear that a reference to detente would be seen in Moscow as an opening towards "business as usual" in East-West relations which should be discouraged following events in Afghanistan and Poland.

More generally, President Ronald Reagan's recent speech calling for negotiations to reduce nuclear weaponry has been welcomed by European ministers, including Mr Francis Pym, the British Foreign Secretary, who devoted most of his contribution to updating his colleagues on the Falklands crisis and reporting on the mediation efforts at the United Nations.

A secondary dispute involving the draft communiqué is France's resistance to the inclusion in the general statement of passages on Nato defence policy. Paris wants this dealt with in a separate declaration to which it would not subscribe because it plays no part in the alliance's integrated defence structure.

BY LAST Saturday evening,

after two days of red carpet treatment, the Franco-British Council had floated off into another era. The British fleet was at sea and needed continuing French support for its just cause. Somewhere else, the dour russet over European money and agriculture moved towards a climax.

But in Hopetoun House, near Edinburgh, 300 representatives of the two nations joined in a glittering and festive evening. Ranks of Gordon Highlanders deployed champagne and served dinner in William Adam's great ballroom while the chamber orchestra played. There was only one place left for the council to go, said Mrs Margaret Thatcher, and that was Versailles.

It was both the best and the least relevant part of the Council's meeting—the second full-scale conference in the Council's history. Britain and France

have long shared the knack of grand and stylised entertainment. The more testing question was a less glamorous one. Could they talk easily and informatively to one another about foreign affairs, economic policy, business and cultural exchange—in the same tradition as had been built up over the years in the Koenigswinter Conferences between Britain and West Germany?

The answer after round two was that we still have some way to go. The sense of togetherness was said to be better than at Bordeaux, the site of the first conference, but the two sides still talked among themselves rather more than to each other, and both the committee and plenary sessions left a certain sense of dissatisfaction, of opportunities not fully grasped. Clearly this was a problem of the agenda: the issues were too vast and needed to be more closely identified in the opening

speeches. Partly, it was in the nature of the non-debate, for delegates seemed loath to develop or contest each other's themes. And partly it lay in the contrast of speaking styles—the British hard-tack versus that French verbal soufflé which inevitably sicks when passed round by an interpreter.

But the delegates also had to contend with the obvious divides which separate the two countries in their approaches to foreign and economic policy. The present shape of the European Community fits France much better than the UK. Britain's traditional relationship with the U.S. still clashes with France's individual approach to foreign affairs.

The two approaches to economic policy now differ so greatly that the two countries represent competing laboratories trying identical opposites solutions to the problems of stagflation. Nationalisation

versus privatisation. Planification versus free market. Public spending versus public thrift. Unemployment versus inflation as the key enemy.

So it was hard to find common ground and, at least in the economic and political committees, the rapporteurs had to use imagination in reporting much rapport to the plenary session with which the conference ended.

Yet in his resume of the political committee, Dr Roger Morgan, head of the European Centre for Political Studies, managed to find some evidence of shared interests. If the U.S. had always regarded detente as "cold war by other means" perhaps European countries needed jointly to regard the current "post-detente" era as "detente by other means."

Should Britain and France allow the super-powers to dictate the nuclear weapons debate

over their heads? He reported a consensus that it was illogical for Europe to move towards a common foreign policy without giving it a military dimension. There was new interest, apparently, in a European Defence Union within NATO.

On the matter of the Falkland Islands, Dr Morgan reported a "dialogue between friends" who accepted the principles of non-aggression and self-determination. But he also reported French doubts. Why had events in Cyprus or Afghanistan demanded a lesser European reaction? Was the use of military force under adequate political control? The discussion, he suggested there could be British actions which would lose us French support.

In the economic committee it was admitted that the "shadow of Concord" hung over thoughts of Franco-British projects. With policy differences and old-fashioned competitive-

ness precluding much co-operation at the production level, the group had to move up into the area of research to find common ground.

It was agreed that there was plenty of scope for joint, or jointly prompted, European research in energy, aerospace, telecommunications, and biotechnology. Sir Derek Ezra briskly appointed two volunteers—Professor Eric Ash of University College, London and M Bernard Delapalme, head of research at Elf Aquitaine—to take the idea further.

The economic committee also displayed sentiment broadly in favour of UK membership of the European Monetary System. Mr Jock Bruce-Gardyne, Economic Secretary at the Treasury, appeared to be motivated in this direction until Mr David Hancock, head of the European secretariat at the Cabinet Office, intercepted and discreetly let his tyres down.

## Communist split widens in Finland

By William Duffell in Helsinki

FINLAND'S COMMUNISTS are in disarray after a minority Stalinist faction refused to accept the results of elections to the central committee and politburo at the end of a turbulent party congress at the weekend.

Mr Aarne Saarinen, the retiring party chairman, blamed the Soviet Communist Party for triggering "provocative activities" within the Finnish party.

His replacement by the young, inexperienced Mr Jouko Kajaneja was an attempt by the majority faction to placate the Stalinists. They also chose another Stalinist vice-chairman but he refused to accept the post.

The two factions in the Finnish party have been at odds for some 15 years. They disagree seriously over the majority group's participation with the Social Democrats and non-Socialist parties in Finland's coalition Government and the Stalinists' control of a party newspaper.

The congress, intending to heal the wounds and to elect Mr Saarinen's successor, was preceded by a meeting of the leaders of both factions with members of the Soviet Communist Party politburo in Moscow.

At that meeting, the Russians read out a document accusing members of the majority group of making anti-Soviet statements.

Publication of this document incensed Mr Saarinen. At the congress he underlined the Finnish party's right to independence and told Moscow bluntly that it was in the wrong.

## Italy hit by air controllers' strike

BY JAMES BUXTON IN ROME

ITALIAN AIRPORTS were almost completely paralysed yesterday by an air traffic controllers' strike. The controllers are planning three more days of strikes between today and next Sunday.

Their action has caused considerable public exasperation over the uncertainties of flying to and within Italy.

It is the culmination of several weeks in which strikes by different categories of aviation workers have taken place, or have been scheduled only to be cancelled at the last minute.

This week two days of strikes by employees of ferry services to Sicily and Sardinia and by petrol pump attendants have been planned throughout the country.

Some of the hitherto protests have come from the tourist industry, which had expected this year to be a good one after several mediocre years, on the basis of bookings and record influx of tourists at Easter.

Because the travel industry partly attributes the foreigners' revived passion for Italy to the country's image following the freeing last January of the U.S. General James Dozier, it is furious that this image is being ruined.

Last week Italian firemen used a one-day strike at Rome's Fiumicino Airport to persuade the Government to tackle grievances facing the whole force.

A settlement was reached a few hours before another one-day strike was due to begin.

Ground handlers attached to the airport authority last Friday caused chaos by calling off at only a few minutes' notice a strike in protest against a Government decision to allow foreign airlines to do their own ground handling at Fiumicino.

The fact that several strikes have been called off is only a pyrrhic victory for the travellers and the airlines.

By that time most passengers have cancelled their flights.

At the root of the labour unrest is the fragmented nature of the trade union structure, especially in aviation, bad labour relations at Fiumicino Airport, and the growing frustration of some unions at the repeated postponement of negotiations on the triennial wage contracts.

## French trade union loses support following strikes

BY DAVID WHITE IN PARIS

THE Communist CGT trade union appears to have been the main victim of the recent series of strikes to the French motor industry, which have accentuated a progressive loss of union support.

CGT's difficulty in maintaining its influence in this crucial sector is bound to overshadow its national congress, the first since 1978, which is due to be held in four weeks' time.

The fall in the CGT's support has been marked by setbacks in annual elections for shop-floor delegates in several factories of the state-owned Renault group—and by a sharp reversal of tactics in the continuing Citroën dispute, where it finally agreed to negotiate alongside a "house" union.

Of Paris, the CGT's share of the worker ballot dropped from 53 per cent to less than 44 per cent, with its left-wing rival the CFDT winning 48 per cent.

The Flins result reflects the union's hesitation over a strike movement in April against a new pay-grading system. The recent strikes, largely involving immigrant workers, have posed a problem for the union, which has its main shop-floor base among skilled French workers.

On a national level, the CGT has undoubtedly suffered because of its Communist-line position on the Polish crisis.

The union recently published figures showing a drop in membership from more than 2m in 1977 to 1.83m in 1981, but most observers believe the actual figure is closer to 1.2m.

### NOTICE OF REDEMPTION

To the Holders of

**Compañía Anónima Nacional  
Teléfonos de Venezuela**

**8 1/4% Guaranteed Sinking Fund Debentures Due 1987**

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, \$425,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1982, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

64 66 83

ALSO OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

169	1069	2669	3669	4669	5669	6669	7669	8669	9669	10669	11669	12669	13669	14669
269	1369	2369	3369	4369	5369	6369	7369	8369	9369	10369	11369	12369	13369	14369
469	1369	2369	3369	4369	5369	6369	7369	8369	9369	10369	11369	12369	13369	14369
669	1369	2369	3369	4369	5369	6369	7369	8369	9369	10369	11369	12369	13369	14369
869	1369	2369	3369	4369	5369	6369	7369	8369	9369	10369	11369	12369	13369	14369
969	1369	2369	3369	4369	5369	6369	7369	8369	9369	10369	11369	12369	13369	14369

On June 15, 1982, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 138th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due June 15, 1982 should be detached and collected in the usual manner.

On and after June 15, 1982 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

Dated: May 4, 1982

### NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF \$1,000 EACH

1471	1265	3071	3834	4393	5093	6151	7393	8793	9482	10064	11271	11893	12381	13881	14214	14282
115	1217	3127	3835	4464	5182	6185	7651	8793	9493	10122	11281	12014	12382	13882	14215	14283
251	1281	3359	3915	4644	5462	6465	7931	9073	9773	10402	11561	12294	12662	14162	14495	14563
387	1351	3829	4385	5114	5932	6935	8401	9543	10243	10872	12031	12764	13032	14532	14865	14933
424	1385	3911	4467	5196	6014	7017	8483	9625	10325	10954	12113	12846	13114	14614	14947	15015
564	1425	4251	4807	5536	6354	7357	8823	9965	10665	11294	12453	13186	13454	14954	15287	15355
699	1469	4695	5251	5980	6798	7799	9265	10407	11107	11736	12895	13628	13896	15396	15729	15797
834	1509	5005	5561	6290	7108	8111	9577	10719	11419	12048	13207	13940	14208	15708	16041	16109
969	1549	5545	6101	6830	7648	8651	10117	11259	11959	12588	13747	14480	14748	16248	16581	16649
1104	1589	5985	6541	7270	8088	9091	10557	11699	12399	13028	14187	14920	15188	16688	17021	17089
1239	1629	6385	6941	7670	8488	9491	11057	12200	12899	13528	14687	15420	15688	17188	17521	17589
1374	1669	6725	7281	8010	8828	9831	11397	12539	13239	13868	15027	15760	16028	17528	17861	17929
1509	1709	7165	7721	8450	9268	10271	11837	12979	13679	14308	15467	16200	16468	17968	18301	18369
1644	1749	7605	8161	8890	9708	10711	12277	13419	14119	14748	15907	16640	16908	18408	18741	18809
1779	1789	8045	8601	9330	10148	11151	12717	13859	14559	15188	16347	17080	17348	18848	19181	19249
1914	1829	8485	9041	9770	10588	11591	13157	14300	14999	15628	16787	17520	17788	19288	19621	19689
2049	1869	8825	9381	10110	10928	11931	13497	14639	15339	15968	17127	17860	18128	19628	19961	20029
2184	1909	9165	9721	10450	11268	12271	13837	14979	15679	16308	17467	18200	18468	19968	20301	20369
2319	1949	9505	10061	10790	11608	12611	14177	15319	16019	16648	17807	18540	18808	20308	20641	20709
2454	1989	9845	10401	11130	11948	12951	14517	15659	16359	16988	18147	18880	19148	20648	21081	21149
2589	2029	10185	10741	11470	12288	13291	14857	15999	16699	17328	18487	19220	19488	20988	21421	21489
2724	2069	10525	11081	11810	12628	13631	15197	16339	17039	17668	18827	19560	19828	21328	21661	21729
2859	2109	10865	11421	12150	12968	13971	15537	16679	17379	18008	19167	19900	20168	21668	22101	22169
2994	2149	11205	11761	12490	13308	14311	15877	17019	17719	18348	19507	20240	20508	22008	22441	22509
3129	2189	11545	12101	12830	13648	14651	16217	17359	18059	18688	20047	20780	21048	22548	22981	23049
3264	2229	11885	12441	13170	13988	15001	16567	17709	18409	19038	20397	21130	21398	22898	23331	23400
3399	2269	12225	12781	13510	14328	15341	16907	18049	18749	19378	20737	21470	21738	23238	23671	23739
3534	2309	12565	13121	13850	14668	15681	17247	18389	19089	19718	21077	21810	22078	23578	24011	24079
3669	2349	12905	13461	14190	15008	16021	17587	18729								



## OVERSEAS NEWS

Japan suffers  
£7bn shortfall  
in tax revenue

BY RICHARD C. HANSON IN TOKYO

THE Japanese Government, according to preliminary estimates, suffered an unexpected shortfall of more than ¥3,000bn (£7bn) in tax revenues in the fiscal year ended March 31.

The gap between spending and income, which is likely to worsen further this year, has already cast doubt on the Government's ability to carry on with a hard-fought campaign to reform government finances.

More important, however, the shortfall has dealt a further blow to its ability to steer the currently sluggish economy back on the road to recovery.

As a result of poor economic performance, tax revenues last year fell a full 10 per cent short of an original target of over ¥3,000bn.

This year (from April 1) the situation could worsen—barring an unlikely sharp upturn in the economy—leaving an anticipated tax shortage of up to ¥3,500bn.

The Government, which for the past two years has enforced a strictly austere budgetary plan, has yet to decide how to cope with this growing fiscal dilemma.

It appears, however, that the authorities may be forced to issue large amounts of heretofore unplanned "deficit covering" bonds—those not related directly to public works spending—to make up for the revenue shortfall.

This would be a serious political setback for Mr Zenko Suzuki, the Prime Minister, who has pledged repeatedly to reduce such bond issues gradually to zero by the 1985 financial year.

The tax shortfall problem has thrown into confusion budget plans for at least this year and 1983. Mr Suzuki's government must decide whether to seek approval of an additional float of government bonds in a supplementary budget now being debated, to give the economy a boost later this year.

Sony, the Japanese consumer electronics company, is moving into the rapidly growing microcomputer market, it announced yesterday, Elaine Williams writes.

Its entry is seen as a major challenge to U.S. companies which have a dominant position in the small computer market worldwide.

Sony's interest has increasingly turned towards the business market. It will market its new microcomputer in the U.S. from September, having introduced a word processor late in 1981.

Originally, its main business products were office dictation machines.

The microcomputer, called the SMC 70, will cost between \$2,700 (\$2,055) and \$4,300 (\$3,285) and is intended for business and video applications.

The company plans to produce about 1,000 units a month initially for sale in the U.S.

The alternative would be to cover, temporarily, the gap with special reserve funds available to the Finance Ministry.

This, however, would only postpone the crunch until the start of the 1983 financial year.

The Government is not in a position to propose any serious reductions in expenditures. Rises have already been cut to the bone. Public sentiment is also strongly opposed to any general tax increases.

There are obvious budgetary limits to how effective the government can be in applying the traditional method of more public works spending.

Japan's major trading partners are advocating such a plan to stimulate the economy. The alternative to boosting domestic demand in Japan could be an unwelcome push on exports.

Executives  
held as  
Seoul loan  
row spreads

THE CHAIRMAN and president of South Korea's Iksan steel company have been arrested on charges of involvement in a multi-million dollar loan scandal, the Prosecutor General's Office said yesterday.

The office said Iksan's chairman, Mr Chin Chang Kyun, had been charged with bribery and the company's president, Mr Bae Kil Hun, with issuing cheques knowing they would be dishonoured.

This brings to 17 the number of people charged with involvement in the unofficial loan market scandal, which has pushed dozens of companies in the verge of bankruptcy and rocked the South Korean economy.

The prosecutor's office alleged Mr Chin had given a loan of \$50m (¥37,800) to the former president of the Commercial Bank of Korea, Mr Kong Duk Jung, also under arrest, to keep Iksan credit lines open despite its insolvency.

Mr Bae was charged with issuing \$50m worth of cheques knowing there were no funds available to meet them, the prosecutor's office said.

The office said the president, managing director and an auditor of the Kung Yung Construction Company had also been arrested on charges of embezzlement connected with the scandal.

Kong Yung's president, Mr Byun Kang Wun, its managing director, Mr Byun Tae Su, and an auditor, Mr Kim Dong Ui, were charged with complicity to embezzle \$1.2bn of company funds and breach of trust.

They were alleged to have given \$50m (¥37,800) in collateral for loans totalling \$1.2bn to two money-lenders, Mr Lee Chol Hui, former deputy head of the Korean Central Intelligence Agency (KCIA), and an ex-parliamentarian, and his wife, Mrs Chang Yung Ja.

Mr Lee, 59, and his wife, were arrested on charges of violating the Korean foreign exchange control law for illegally depositing \$400,000 in an unnamed California bank.

They were also accused of defrauding six companies of a total of \$210m by circulating their promissory notes without their consent. Mr Lee is said to have received the notes as collateral from the companies that borrowed funds from him.

The couple are related to President Chun Doo-hwan's wife's family. President Chun has ordered a thorough investigation.

Chang Yong Ja's first husband, Mr Kim Sn Chol, was also arrested and charged with evading \$20m in taxes on a \$400m gift from his ex-wife, the prosecutor's office said.

The office said the Bank of Korea's supervisory branch was being investigated for possible negligence, adding that the scandal had wiped millions of dollars off shares.

Agencies

Alain Cass, Asia Editor, looks at the background to tomorrow's four state elections

## High stakes in India's political tug-of-war

THE STREETS of Calcutta are plastered with hammer and sickle emblems, lending a splash of colour to the city at election time as it struggles against terminal decay. In the back streets, where the fading splendour of colonial architecture merges imperceptibly with the slums, the emblems cover every wall.

Occasionally the black outline of a hand—the logo of the Congress (I), India's ruling party—punctuates the stream of Communist slogans, but this only underlines its weakness here. The weakness of the Congress in West Bengal is likely to be underlined again when four of India's 22 states vote to elect state assemblies tomorrow.

Elections are also being held in the southern state of Kerala, another Communist stronghold, Haryana, north of Delhi and in the northern border state of Himachal Pradesh. Seven parliamentary by-elections are also being held on the same day.

The elections, in which over 52m people are expected to vote, represent the first major political test for Mrs Indira Gandhi, India's prime minister, since she returned to power in 1980.

Mrs Gandhi is campaigning vigorously to re-establish her authority in West Bengal, and the three other states where her own party has been weakened by petty squabbling and defections.

At stake in these elections are Mrs Gandhi's persistent

attempts to stamp her authority across India by bringing unruly and wayward states under her control.

India's constitutional system gives the states substantial powers which they wield in a constant battle of wills with the capital. This process has been accelerated and, in turn, has contributed to the gradual integration of India's national political consensus since independence in 1947. It has also encouraged the proliferation of regional and sectarian parties.

For Mrs Gandhi, the tug-of-war is more than mere matter of being on top. Her inability to assert her authority fully is a major stumbling block to the reforms now under way.

Mrs Gandhi's main opponents in Haryana and Himachal Pradesh are the remnants of the Janata coalition, which ousted her from power after the end of the period of emergency rule in 1977.

She faces an even tougher task in West Bengal—where the Marxists are bound to hold sway in Kerala. Although the impact made by the Marxists on a national scale has been limited so far, their success in entrenching themselves in these two states has been an irritation for Mrs Gandhi. West Bengal and Kerala have the highest literacy rates in India. This has undoubtedly helped the Marxists put across their case.

India's dominant Communist



Mrs Indira Gandhi, the Prime Minister: major political test

faction is the Communist Party of India-Marxist (CPM). Unlike its smaller pro-Moscow fellow-traveller, the Communist Party of India (CPI) it is an uncompromising opponent of Mrs Gandhi's domestic policies.

The CPM is in the forefront of the opposition to Mrs Gandhi's liberal economic changes. In particular, it has fought tooth and nail against what it claims to be a loss of sovereignty on India's part as the price for the \$5.8m IMF loan to the country won last year.

The second threat posed by the Marxists lies in their ability

to exploit regional chauvinism, such as the strong Bengali sentiments, as well as the desperate plight of many Indians, like Calcutta's pavement-dwellers, which cuts across the conventional barriers of caste and language.

While Mrs Gandhi's task in recapturing Kerala may be helped by divisions within the Communist ranks and an apparent breakdown in law and order in recent years, the problem in West Bengal is more complex.

Mrs Gandhi's tactics in trying to defeat the Communists vary from state to state. In West Bengal she is locked in battle over the disbursement of central funds for development of the state. The Finance Ministry in Delhi claims that the Marxists are incapable of meeting spending targets while at the same time running up huge overdrafts. The government of West Bengal reports that Mrs Gandhi is trying to squeeze them out by slowing them out of vital funds. Although they seem to resist the prospect of a head-on clash.

In both Kerala and West Bengal the underlying message is that a vote for the Congress is a vote for good state/centre relations. Or, as one Marxist in Kerala put it, "Vote for Mrs Gandhi and you can have all the money you need as well as the freedom to use it. Vote against her and she'll come down on you like a ton of bricks."

Mrs Gandhi goes into the election buoyed at least by an encouraging economic picture. Inflation has slowed sharply. A record grain harvest and rising industrial production have boosted economic growth. Overall, the prolonged and damaging period of economic stagnation which she inherited appears to be ending.

On the minus side, the Congress is riven with bitter infighting, petty jealousies and the occasional high-level corruption scandal.

Some of Mrs Gandhi's critics argue that her personal success has resulted in the weakening of her party's collective strength. The links she has forged with the Indian people certainly transcend those of the Congress but may also undermine them as the party machine is gradually allowed to fall into disrepair.

The Congress (I) has not held internal elections since its formation in 1979. This has reinforced Mrs Gandhi's personal authority as well as her unlimited powers of patronage but it has also contributed to the apparent absence of second-generation leaders who might eventually take over.

If Mrs Gandhi does well in the forthcoming elections, she will be able to claim a personal victory. If she does badly her personal authority is still likely to see her through, but it will reinforce the argument of those who say that charisma is no substitute for sound party organisation.

## Hardline Arabs to meet on Egypt

BY ROGER MATTHEWS

FOREIGN MINISTERS from hardline Arab states are expected to meet in Algiers later this month to co-ordinate their opposition to suggestions that links with Egypt could be restored following the return of Sinai by Israel.

Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organisation, which form the so-called Steadfastness Front, argue that renewed contacts with Egypt would play into the hands of the "imperialist-Zionist conspiracy" and U.S. attempts to develop

the Camp David agreements. They are also concerned at possible increased Egyptian military assistance for Iraq in the Gulf war with Iran. Syria and Libya have been particularly active in their support for non-Arab Iraq.

A communiqué issued in Algiers after talks there between President Chadli Bendjedid and Syria's President Assad at the weekend warned other Arab countries against resuming diplomatic relations with Egypt.

The warning by hardline

states is thought to have been directed mainly at the conservative oil producers of the Gulf who have been alarmed by Iran's recent successes in the Gulf war.

Saudi Arabia, Kuwait, the United Arab Emirates and Qatar are increasingly financing Iraq's war effort.

Reuters adds: Iran said yesterday that its forces had recaptured more territory in the border region of Khusk and destroyed more than 10 Iraqi tanks with five others seized undamaged.

West Bank poll holds  
little promise for Israelis

BY DAVID LEMMON IN TEL AVIV

ISRAELI attempts to weaken support for the Palestine Liberation Organisation among Arabs living on the occupied West Bank have failed completely, according to a recent public opinion poll, which has revealed that 86 per cent of the West Bankers want an independent state headed by the PLO.

During the past six months, Israel has instituted a tough new policy on the West Bank, designed to dissuade Palestinians from supporting

the PLO. Arabs who demonstrate against the Israelis or express support for the PLO have been subject to severe punishment, while those prepared to collaborate with Israel are offered substantial rewards.

However, a poll conducted in April on the West Bank by the Port Institute of Tel Aviv for Time Magazine reveals that 98 per cent want an independent Palestinian state.

## Uganda to seek £308m aid package from donors today

BY MICHAEL HOLMAN

THE UGANDA Government's campaign for economic revival and international respectability is scheduled to reach its climax in Paris today with the presentation of a \$556.5m (£308m) two-year investment package to aid donors. A further \$180m will be required for follow-up spending in 1984-85.

The Ugandan delegation, led by Mr Abraham Waligwo, Minister of Housing and Urban Development, hopes to convince donors that the development strategy is sound and the level of finance required is realistic.

At the same time, they will want to reassure donors that President Milton Obote's Government, elected in December 1980, is in full control of the country despite armed oppo-

sition groups and banditry.

The key document before the World Bank-chaired conference is a 165-page economic analysis prepared by Uganda, based on principles seldom espoused by African governments.

These include a promise to promote a market economy, in which the present high level of state participation is reduced in favour of private enterprise and foreign investment.

What is in effect Uganda's 1982-84 development plan—designed to rehabilitate an economy devastated by neglect, nationalisation and confiscation of Asian businessmen's assets under Idi Amin—is a scaled-down version of an ambitious and expensive 10-year plan produced by the government

last year.

The government has already secured nearly half the financing required for 140 projects, selected according to four main criteria: rapid earnings of foreign exchange; minimal impact on the government's overstretched recurrent budget; urgent humanitarian needs; or those essential to the momentum of economic recovery.

In the short term, says the report, the "engine of recovery" is coffee which at present accounts for 87 per cent of foreign exchange earnings.

Cotton, tea and tobacco are the other main cash crops, and 30 per cent of the programme spending is set aside for agriculture.

The intention is to rehabilitate

the existing run-down plants. Of nearly 30 medium and large-scale industries operating in 1970, 15 are closed and the rest operate at about 20 per cent capacity.

The third major investment sector—21 per cent—is transport. The run-down of the railway linking landlocked Uganda to the Kenyan port of Mombasa has forced traffic to switch to the roads, pushing up fuel imports to nearly 60 per cent of export earnings.

A critical factor will be the response of private and foreign investors. The re-establishment of "extensive private participation in the industrial and commercial sectors is a cornerstone of recovery strategy," says the report.

Two key bills will go before parliament shortly. One will allow for the return to their former owners of businesses nationalised or confiscated under Amin, and the other will strengthen the existing Foreign Investors Protection Act.

Although there has been an improvement in the economy in the wake of wide-ranging reforms introduced by President Obote in his budget last June, Uganda remains "critically dependent" on foreign assistance, the report adds.

The Paris meeting is not intended to be a pleading session, but Ugandan officials will be looking for assurances from donors that support will be forthcoming in the critical two-year period of the plan.

## THE FALKLANDS CRISIS

Anaya plays down  
hints of closer  
ties with Moscow

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

ADMIRAL JORGE ANAYA, the Argentine naval commander-in-chief and a member of the ruling junta, yesterday damped speculation that Argentina might seek a closer alignment with the Soviet Union.

Admiral Anaya, said to be the most combative of the three armed service commanders, said in a speech on the country's Navy Day: "We belong to the West, yes, but to a West which wants to recast its rules of conduct."

Dr Amadeo Frugoli, the Defence Minister, claimed that while diplomatic contacts were continuing on the Falklands crisis Britain was stepping up its attacks on the islands.

Military communiqués issued by the General Staff yesterday underlined the damage being done to the islands' supply lines by British naval action against naval auxiliaries and cargo

vessels. Commenting on British attacks on the Isla de los Estados on Friday, and on the Rio Caracaras and the Bahia Buen Suceso yesterday, the Argentine Combined General Staff said that the three vessels had been engaged in delivering supplies, medicine and fuel to the islands. The Bahia Buen Suceso was the naval auxiliary used to invade South Georgia in March.

The phrasing of the latest communiqués may be aimed at preparing domestic and foreign opinion for future disclosures of extreme barbarism on the islands, and at blaming Britain for any suffering by the Falklanders or for illnesses that may break out in the islands.

The Argentine reply to the plan for the future of the islands proposed by Sr Javier Perez de Cuellar, UN Secretary-General, has now been com-



The three members of Argentina's military junta—(left to right) President Galtieri, Admiral Jorge Anaya, Navy commander, and Gen. Basilio Lami Dozo, Air Force commander—kneel at a special Navy Day mass in Buenos Aires.

pleted, and may be presented in New York today or tomorrow.

On the domestic political front, the U.S. Embassy has been quick to deny that its staff had been exceeding their diplomatic duties in their contacts with personalities in Argentine public life.

The political parties are gearing themselves up for any

change in government which might occur in the near future.

Within the ranks of Peronism, Sr Italo Argentino Luder, a leading figure in the military government of President Maria Estela Peron, which was overthrown by the military in 1976, is seen to be the leading candidate for that movement's presidential nomination.

Both Britain and the Red Cross claim that Capt Astiz is being treated as a prisoner of war and that any questioning is restricted, according to the terms of the Geneva Convention.

## French and Swedes still hope to see Astiz

BY JIMMY BURNS IN BUENOS AIRES

THE SWEDISH and French Governments are still hoping that they will be allowed to question Capt Alfredo Astiz, an Argentine marine commander captured when the British recovered South Georgia island last month.

Capt Astiz was among the 189 Argentines who were taken prisoner on the island. All except him were subsequently

returned to Buenos Aires. He is currently being retained on Ascension Island, the mid-Atlantic staging post for the task force, because of his alleged connection with the "disappearance" of a Swedish student and two French nuns in 1977.

Sweden was the first country to approach Britain formally on the Astiz case, but an initial

request forwarded to the Foreign Office by the Swedish Embassy in London was rejected following a "high-level decision," according to diplomats.

The case was subsequently taken up with the International Red Cross, which also refused to help.

Britain is believed to be reconsidering the Swedish request, in the light of a subsequent

approach by the French Government. British officials said that Britain was still studying the legal problems raised by the French and Swedish requests.

Both Britain and the Red Cross claim that Capt Astiz is being treated as a prisoner of war and that any questioning is restricted, according to the terms of the Geneva Convention.

Argentina  
'will not  
reschedule'

NEW YORK — Argentina

will not seek to reschedule its foreign debts, Argentina's Economy Minister, Dr Roberto Alemann, said.

There has been concern among international bankers that deferment would be needed if Argentina could not meet debt payments because of military spending on the Falklands dispute, and the trading ban by the EEC.

Dr Alemann said in an interview that Argentina would have no problem in finding the necessary funds to meet its debt payments because it would shortly be selling a large grain crop.

It could also borrow from the International Monetary Fund, although it had no current plans to do so, he added.

Argentina's foreign debt totals some \$35bn (£19.5bn), and bank economists estimate about \$7bn of that will fall due this year.

Dr Alemann, in New York for talks with U.S. bankers, said Argentina would not seek long-term loans until the situation returned to normal.

Bagpipe players

BUENOS AIRES — Argentine Bagpipers, descendants of Scots immigrants, say they support Argentina in the Falklands dispute, AP reports from Buenos Aires.

Even though we don't feel very much like playing these days, we feel we have a debt to our country," Mr Ricardo Pearson, head of the South American Piping Association, told the Buenos Aires newspaper Clarin.

Mitterrand assures Thatcher  
of continued support

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

PRESIDENT FRANCOIS MITTERRAND of France yesterday assured Mrs Margaret Thatcher, the British Prime Minister, of French support for Britain over the Falklands crisis, even if the two European countries remained at loggerheads over EEC issues.

After a midday visit to Downing Street, he told journalists that he had stressed France's solidarity with Britain.

According to British officials, he had indicated that France would continue this support even if Britain had to resort to increased use of military force against the Argentine junta.

The French President said that Argentine actions had started a "new logic" of international affairs, when countries which had been wronged like Britain no longer relied on

diplomatic means alone to resolve their problems. Those present insisted that be avoided any judgments on this point.

British officials characterised the visit as "fraternal and friendly," even if it saw the French President putting forward a robust statement of the French position on EEC affairs.

President Mitterrand said he totally rejected British attempts to block an increase in EEC farm prices until a solution had been found to the problem of Britain's contributions to the EEC budget.

The British argued that on EEC matters, the President had basically restated the known French position. Apparently, the two leaders did not enter into details, leaving those to their Foreign Ministers in Luxembourg.

The main purpose of the

President's trip had been to bring Mrs Thatcher up to date on preparations for the Versailles summit of seven Western nations on June 4 and 5.

France is keen that the seven should go into more detail on East-West relations and disarmament than at previous economic summits, so that they present a unified front at the Nato summit in Bonn the following week.

The French Government is also stressing the need for lower U.S. interest rates if Western economies are to grow again and reduce their unemployment problems.

Another issue where France is at odds with Washington, and in a lesser extent London, is the extent to which it stresses the importance of a more vigorous approach to the problems of developing

countries.

## UN peace bid 'in final phase'

BY PAUL BETTS IN NEW YORK

THE United Nations Secretary-General, Sr Javier Perez de Cuellar, said yesterday that his efforts to end the fighting over the Falklands had entered their final stage.

But he gave no clue whether he expected his peace efforts to succeed or collapse, and the atmosphere at the UN yesterday was grimmer than earlier last week when the two sides claimed some progress.

The Secretary-General said he expected to receive new comments on his peace effort from both sides, but mainly from

Britain. He had now reached "the final stage" of his exercise, he added.

This was generally taken to mean that the current peace efforts at the UN would wind up one way or the other before the end of the week, if not much earlier.

The Secretary-General also confirmed that he had spoken on two occasions in the latter part of last week with Mr Alexander Haig, the U.S. Secretary of State.

UN officials sought to play down these conversations

claiming the Secretary-General essentially briefed Mr Haig about his peace efforts.

But in recent days there have been suggestions that the Secretary-General was upset by Washington speculation that Mr Haig had been playing some kind of hidden role in his exercise.

The high level of uncertainty surrounding the final stage of the peace efforts was attributed by some diplomats to an apparent wavering of the British position.



# Could you keep track of cash flows of \$112 billion? Chase does— every working day.

\$112 billion.

That's the amount Chase transfers around the world on an average day, more than any other bank in the world. Now the Chase is on to put that expertise to work for you with a totally new approach to effective corporate cash management.

What's probably more important to you is that our approach to cash management is flexible—geared to meet your needs, not ours. That's why Chase cash management products provide you with timely information formatted to meet your requirements for on-the-spot analysis and action.

For example, Infocash. It's just one of the products in our cash management range of services designed to give you complete control of your cash flows and levels of accuracy and detail that are second to none.

That's why Infocash is a recognised leader in the field of cash management products. Today, over two thousand major corporations and banks rely on Infocash to provide them with timely information plus the ability to initiate transfers right from their desks—instantly. As a matter of fact, half the corporate money transfers executed by Chase in America are initiated through Infocash terminals!

Now Chase has brought cash management to Europe in the form of products and professionals who understand European cash management needs. Our officers are trained to know more, listen better and respond faster. Simply, Chase gives you value added cash management.

So, isn't it time you let our dedicated team of cash management professionals put Chase's expertise to work for you. For more information call Jim Zachary in London on (01) 726 5255 or your nearest Chase location.

Now, more than ever, time is money. So call the Chase Manhattan Bank.

In the race against time, the Chase is on.

 **The Chase is on.**



## AMERICAN NEWS

# Canada changes rules over gas sales to U.S.

By JIM RUSK IN OTTAWA

CANADA'S National Energy Board has decided to change the rule by which it declares natural gas available for export, in order to make it easier for gas producers to obtain approval for sales to the U.S.

The changes, already endorsed by Mr. Marc Lalonde, Energy Minister, are the first steps towards increased sales by Canada's hard-pressed natural gas producers, who have been holding producible gas in the ground for the last three years. Under the previous more stringent rules, the board found in 1980 that there was no natural gas available for export over the next three years, even though producers had gas available for sale.

The board has now dropped the stiffest of the three tests by which it previously determined whether there is a surplus of gas to be exported from Canada. The precise amount of gas that will become available as a result of the change will be determined over the summer when the board holds hearings on 30 applications for additional gas exports. However, it is not clear that extra Canadian gas will find ready markets in the U.S.

Canada has pegged natural gas export prices to world crude oil prices on an energy-equivalent basis and Canadian gas has become increasingly uncompetitive in U.S. markets, where oil prices have risen more sharply than competing fuels. This over-pricing, coupled with growing U.S. gas supplies resulting from increased exploration in that country, has reduced Canadian gas sales. Last year, for example, Canadian producers delivered less than 60 per cent of the maximum



Marc Lalonde

authorised level on current export permits, compared with 90 per cent in 1979.

Canadian exports of gas and crude oil to the U.S. came to C\$6.9bn (£3.1bn) in 1981, with oil accounting for only a small portion of the total.

If Canada is to increase gas sales, Ottawa will have to change its pricing policy and the quick acceptance by the Energy Minister of the revised NEB rules may signal a changing attitude towards exports.

AP reports from Ottawa: Canada and Egypt signed a 30-year nuclear co-operation agreement yesterday. Mr. Lalonde announced. The agreement envisages the possible sale of Candu nuclear reactors, the supply of uranium, implementation of joint nuclear research programmes and the exchange of technology.

## Call for Trudeau to restore confidence

By Robert Gibbons in Montreal

CANADIAN business leaders, alarmed by an inflation rate of more than 10 per cent and the prospect of no real economic growth this year, have called on Mr. Pierre Trudeau's Liberal Government to "take a strong leadership role to arrest a rapidly deteriorating economic situation and to restore confidence in the country."

The appeal came from the Business Council on National Issues, consisting of the heads of the major Canadian companies. It is a body that rarely makes public statements, though it does meet regularly with representatives of the federal and provincial governments.

The statement from the council did not spell out specific proposals, judging by its previous record, the council would like governments to help put a lid on wage increases, now higher than in the neighbouring U.S., by holding down public sector pay.

Members of the council also are anxious to restore investor confidence by modifying the attack on tax shelters made in the last budget and by soft-pedalling the carping official attitude in Ottawa to foreign direct investment.

Difficulties that began hitting Canadian manufacturing industry last year, partly because of the high level of interest rates, have begun to spread to the resource sector.

The habitual Canadian trade surplus is holding up well, but a high invisible deficit, due largely to the need to service rising foreign debt, is pushing the current external account into ever larger deficits.

Richard Lambert in New York reviews launch of the computerised U.S. trading network

## Trial run for stock market of the future

AFTER A series of missed deadlines, the U.S. securities industry yesterday took a significant step towards the long heralded national market system — a kind of stock exchange of the future, in which investors will be able to execute instant trades in whatever market offers the best price for a particular security. Under instructions from the Securities and Exchange Commission (SEC), the federal agency responsible for overseeing the securities industry, a computerised trading network was switched on yesterday to link the seven major U.S. stock exchanges with broker-dealers in their offices across the nation. This is the first such link to have been established, and it means that there is now direct competition between specialists on the floor of the stock exchanges and brokers in the over-the-counter markets.

There are two types of stock-brokers in the U.S. those who are members of an exchange and trade there, and those who are not and trade over the counter. The dual system, critics say, has not been in the investor's interest. The idea of setting the two systems up against each other is to secure better prices for the customer. The link is at present confined to only 30 stocks, and is being conducted on an experimental basis for six months. If it works, it will then be extended substantially. The network brings together a communications system linking seven stock exchanges with computerised trading equipment run by the National Association of Securities Dealers, which regulates the over-the-counter market.

The SEC first started to promote the idea of a national market system about a decade ago, and it was mandated by Congress as long ago as 1975. The idea faced stiff opposition from the established stock exchanges, however, who feared that competition would erode their business, and eventually undermine the whole system of

an open auction market. The SEC's dream of an electronic marketplace began to fade.

Then, in 1980, the agency introduced rule 19C-3, which said broadly that any security newly listed on a stock exchange after the spring of 1979 could be freely traded by over-the-counter dealers away from the floor of the stock exchanges. It sounded good, but in practice the lack of direct communications between the two different marketplaces has led to very limited trading over the counter in rule 19C-3 stocks, which now number about 200.

Logically, the next step was to establish an electronic trading link. The SEC's idea was that this should be in place by last autumn, but first one deadline was missed and then two more, partly for technical reasons, but also because of increasing opposition from the big institutions, led by the New York Stock Exchange.

The Exchange has endorsed the linkage concept, which it admits would promote compe-

titition for orders and so give customers the chance to obtain a better price. But it has strongly — and unsuccessfully — urged the SEC not to go ahead with the experiment until rules have been framed to prevent what it sees as a major potential abuse in the new system.

The key word here is "internalisation," which is what happens when over-the-counter dealers match buyers and sellers among their own customers without exposing their orders to outside competition. The New York Stock Exchange suggests that without some safeguard against this practice, customers of exchange-listed securities could be cheated by broker-dealers in their offices off the floor of the exchange.

Against this, its critics contend that the Exchange's real concern is a possible loss of business for its members if orders can be fulfilled without showing them to the floor of the Exchange.

By and large, the big companies welcome the new link. Merrill Lynch says that independent audits of its "internalised" business shows that in a number of cases customers have got a better price than they otherwise would have done. "Why write a rule if it is not clear there is a problem?" the company says.

Some of the exchange specialists, whose job it is to maintain fair and orderly market in particular stocks, are distinctly uneasy about the development.

Last week, the Secretary asked for public comment on whether an "anti-internalisation" rule of some kind should be imposed. But, until these outside reactions are digested sometime around the late summer, the linkage is going ahead without any specific safeguards. Starting yesterday, stocks like Amstar-Busch, TSCO, and Wendy's International are trading in what could turn out to be the marketplace of the future.

## Opec reviews market

By KIM FUAD IN CARACAS

A MINISTERIAL committee of the Organisation of the Petroleum Exporting Countries (Opec) meets today to review the world oil market.

This follows Opec's decision in March to hold members' output levels to 17.5m barrels a day to shore up eroding price levels.

The market monitoring committee of energy ministers, composed of Algeria's Mr. Belkacem Nabl, Indonesia's Dr. Subroto, the United Arab Emirates' Mr. Mansour bin Zayed Al Nahyan, and Mr. Humberto Calderon Fournier of Venezuela, will review the report of Opec experts who concluded a two-day meeting here yesterday.

The committee's findings will be presented to the Opec ministerial conference which will meet on Thursday in Quito, Ecuador.

Opec officials said the rationing agreement on March 20 had been effective in showing up declining spot market prices.

Mr. F. J. al Chalabi, Opec under secretary general, said: "The decision has been successful in consolidating price structures."

Opec must now determine whether to continue with the rationing programme, and if so, for how long and at what level, according to organisation officials.

## Moonies launch Washington newspaper

By Anatole Kaletsky in Washington

A NEW PAPER, the Washington Times, hit the streets yesterday less than ten months after the death of the Washington Star left the U.S. capital a one-newspaper city.

The probability of huge losses appears to be no deterrent for News World Communications, which is risking millions of dollars to challenge the Washington Post's monopoly.

In its official press release the Times says that "profit is not a primary motivation" for its owners, that the paper "will have to continue being subsidised for a while" and initially the Times is carrying no advertising.

It's publishers can afford to take such a relaxed attitude because they are part of a mysterious and profitable commercial enterprise—the Unification Church, a tax-paying multi-national conglomerate associated with the Unification Church, in the Times' own words.

The Unification Church is better known throughout the world as the origin of the controversial Rev Sun Myung Moon and his followers, the so-called Moonies.

The "Moonie paper" sobriquet will be hard for the Times to live down. Scandals have abounded about the Moonies' operating methods, ranging from alleged brainwashing of impressionable children to an indictment for tax evasion which Rev Moon is currently facing in the U.S.

While the Times editor and journalists insist that they have firm guarantees of editorial freedom, they make no bones about the fact that the Times is intended to be a "conservative alternative" to the liberal-leaning Washington Post.

## Car bumper standards eased

By Our New York Staff

THE Reagan Administration, furthering its pledge to lighten the load of regulation for U.S. industry, has eased the strength standard for car bumpers.

The National Highway Traffic Safety Administration has lowered the speed at which bumpers must protect cars from damage in a crash from five miles per hour to 2½ miles per hour. The agency says that this should reduce the cost of making a car and save consumers \$300m (£164m) a year.

The move has been warmly welcomed in Detroit where the large car companies have argued for years that regulation has added enormously to the cost of making a car.

However, rejoicing at the move is not widespread. Consumer organisations, who made their "reputations" in U.S. days attacking car buyers, doubt that costs will come down and maintain that car owners will suffer extra risk without compensation.

## Sao Paulo car workers return

MORE THAN 50,000 Sao Paulo car workers went back to work yesterday, proclaiming victory in a five-day strike which paralysed most of Brazil's motor industry, writes our Sao Paulo correspondent.

A number of smaller metal-workers' unions in Sao Paulo state remain on strike.

Although the workers' wage gains were slight—they were awarded 5.5 per cent, which was between half a point and 2.7 percentage points more than those unions which did not join the strike—they succeeded in forcing the car companies back to the bargaining table after negotiations had been closed.

## Liberal claims victory in Dominican polls

SANTO DOMINGO, SALVADOR — Dr. Jorge Blanco of the Dominican Republic's ruling Revolutionary Party (PRD) yesterday claimed victory in the presidential elections.

Early returns issued by the electoral tribunal gave Dr. Jorge Blanco 48.6 per cent of Sunday's vote against 34.7 per cent for his main rival, Sr. Joaquin Balaguer, of the opposition Party.

Dr. Jorge Blanco, a 54-year-old liberal, then told reporters he planned to visit the U.S. and Europe before taking office on August 16 to meet foreign leaders and tell them of his country's problems.

"The economic problems we face are grave but with the support of the people, as manifested in the elections, we can overcome them," he said.

The Caribbean republic is suffering from high unemployment and inflation, current account balance of payments

difficulties and a foreign debt estimated at over \$2bn (£1,090m).

Seven parties fielded candidates for President, Vice-President, 27 Senators and 128 Deputies. None of Dr. Jorge Blanco's opponents has conceded defeat.

Anatole Kaletsky in Washington writes: The apparent success of the democratic process in the Dominican Republic is seen in the U.S. State Department as a further vindication of its reliance on elections as the key to stabilising Central America. The fact that the elections have produced a moderate left-winger as the new Dominican leader is seen as a welcome counterpoise to the victory for the extreme right in El Salvador in March.

State Department officials point to the U.S. encouragement of the Dominican election as evidence that they are willing to support all democratic forces in Central America, regardless of their political colour. In the face of attempts to identify the U.S. with right-wing military regimes.



## Nothing is too much trouble when you rent a car from Avis.

Because we try harder at Avis we succeed a lot better. The moment you rent a car from us you can relax completely, confident that we'll never let you down. If you're delayed on your journey we'll wait for you to arrive. And greet you with a smile.

All along the line, you'll find our service smoother and more efficient. Our special Express Service saves you precious time.

What's more, at Avis we especially welcome American Express Cardmembers. We know that American Express Cardmembers are people of importance, accustomed to competent organisation. For people going places, Avis and the American Express Card smooth the way.



Avis and the American Express Card — together we try harder.



Exploring  
Producing  
Refining  
Transporting  
Marketing  
Energy

**MAPCO INC.**  
Tulsa, Oklahoma 74119  
Write for MAPCO's  
1981 Annual Report

## Export Finance

Increase your profitability by utilizing our highly specialized and flexible export finance services, including expert advice on ECGD procedures and on currency exposure. For skilled support from a bank committed to serving the exporter's individual needs, call

**Renzo Navon or Peter Nicholson**  
**HYPO-BANK** London Branch, 1 Angel Court, London EC2R 7HA, Tel: (01) 600 1404, Telex: 837199.

**HYPO-BANK**  
BANK OF SWITZERLAND  
Modern Banking in the finest Royal Tradition.



## Italy accused of subsidising fibres industry

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE BRITISH man-made fibres industry has complained to the European Commission, alleging that the Italian Government is indirectly subsidising its industry.

It claims such subsidies are distorting competition and are contrary to article 92 of the Treaty of Rome.

A four-man delegation from the man-made fibre sector working party of the National Economic Development Committee has met Mr Frans Andriessen, commissioner for competition in Brussels, and the EEC's director general of the competition directorate, Sg Manfred Caspari. The delegation was led by Mr Philip Carter, the working party chairman and managing director of Littlewoods.

It sought to ensure that Italian assistance did not prevent that country's man-made fibre producers from fulfilling the obligations they undertook under the European fibre limitation agreement.

This agreement, signed in 1977, and now the subject of renewal talks, was intended to reduce capacity throughout the Community with plant closures spread throughout the member countries.

But from the middle of 1977, it is estimated that while EEC capacity has been reduced by 23 per cent that of the Italian industry has risen by 8 per cent.

Although the complaint was officially lodged by the British industry it is known that all the other Community members are equally concerned about the

course adopted by the Italians. For instance while capacity has been cut back by 54 per cent in the Benelux countries, 41 per cent in the UK, 40 per cent in France and 22 per cent in Germany, the Italians have increased their capacity.

It is alleged that the Italian industry has received massive assistance from its Government both directly and indirectly. It has, for instance, received equity finance for companies through an increase of nominal capital. It has revalued fixed assets made direct payments to offset losses and maintain cash flow, invested in subsidising fixed and working capital and guaranteed loan repayments at low rates of interest.

The Italians have replied that while Britain may not have assisted its fibres or textile industries, it has been giving considerable assistance to cars, steel and shipbuilding.

They also allege that France, Germany and Holland have, at various times, all assisted their own textile industries.

The problem in the European synthetic fibres industry is that since 1974 it has made heavy losses and imports have taken an increasing share of the market.

The British move has come at a time when the 1977 agreement is being renegotiated.

The UK industry is unwilling to pursue its case too strongly in case the agreement were not renewed.

This would be considered little short of "disaster" within the industry.

## Scottish company in £22m deal with Cuba

By Mark Webster

SEADREC, a Scottish dredging company, has won a £22m contract for the design and construction of dredges and harbour craft for Cuba.

The Paisley-based company will supply a large cutter suction dredge and seven other vessels as part of a major programme of port and harbour development in Cuba.

The cutter suction dredge, costing around \$10m, will be built at Appleton, Shipbuilders in Devon, a subsidiary of British Shipbuilders.

It is the third large supply contract which Seadrec has won in Cuba since it started operating there in 1969. It is probable that the company will now open up an office in Havana.

The Export Credits Guarantee Department has guaranteed a £10m loan which Morgan Grenfell, the lead bank in a syndicate, has provided for the Banco Nacional de Cuba.

The order was placed by Empresa Cubana Importadora de Bienes Mercantiles y de Pesca, a purchasing agency of the Cuban government.

Seadrec is one of a small group of companies set up by Mr Jim Hamilton, its chief executive.

## ECGD introduces interim rates

BY PAUL CHEESBRIGHT, WORLD TRADE EDITOR

THE Export Credits Guarantee Department (ECGD), yesterday introduced a new pattern of interest rates that it is prepared to support for fixed rate export finance.

The rates are those suggested in Paris by Sweden on May 7 at a meeting of the 22 industrialised nations adhering to the international export credits Consensus, under the aegis of the Organisation of Economic Co-operation and Development.

The Swedish proposal, intended as a compromise between the differing views of the EEC and the U.S. on interest rates, would raise the cost of borrow-

ing for relatively rich countries from 11.0-11.25 per cent to 12.25-12.5 per cent, and for middle income countries from 10.5-11.0 per cent to 11.0-11.6 per cent.

The ECGD move, officials explained, is to meet a request made by Mr Axel Wallen, the President of the OECD Export Credit Group, that the compromise rates be put in place as an interim measure, pending final settlement of the Consensus rates.

The Paris meeting broke up in disagreement, but it was accepted that if the Swedish proposals were approved by the nations by the deadline of May

25 the interest rate rise would be backdated to May 18.

The interest rate rise is accompanied by changes in the categories of borrowing countries. This change lifts the Soviet Union from the middle income to the relatively rich category and a number of newly industrialising countries from the relatively poor to the middle income category.

The ECGD wrote last Friday to banks engaged in export finance, informing them of the change, stating that "any new commitments entered into as from the date of this letter will specify interest rates observing the new minima."

But the UK Government generally has reservations about the level of interest rates suggested by Sweden.

Sir Geoffrey Howe, the Chancellor, went to the meeting of EEC Finance Ministers in Brussels yesterday.

He was also thought to want the reclassification of countries from the relatively poor to the middle income bracket phased in, so that export credits can be offered with a maturity of ten years, instead of 8.5 years over a transitional period.

## S. Africa reports fall in trade with Britain

By Bernard Simon in Johannesburg

THE IMPORTANCE of Britain to South Africa's foreign trade declined further last year, according to 1981 trade figures published by the Commissioner of Customs in Pretoria.

From being South Africa's largest trading partner until the mid-1970s, Britain has dropped to third place as a supplier and foreign market.

Japan overtook Britain in 1981 to become South Africa's second largest market. British exports to South Africa rose by 24 per cent last year to £2.2bn (£1.15bn) but purchases from the U.S., now South Africa's leading trading partner, soared by 36 per cent to £2.7bn.

Imports from West Germany climbed from £1.9bn in 1980 to £2.4bn last year. South Africa's imports totalled £18.4bn in 1981.

Exports to the UK fell to £1.2bn from £1.4bn in 1980, mainly as a result of lower sales of some base metals, Kruggerand gold coins and canned fruit.

In contrast, South African sales to Japan rose from £1.2bn to £1.4bn. Japan is a fast-growing market for Kruggerand and is also the largest customer for South African maize.

## W. Germany and China forge trade links

BY JONATHAN CARR IN BONN

WEST GERMANY and China have started talks to improve trade ties following a period of uncertainty that resulted from Peking's policy of economic retrenchment.

Two days of talks began in the German capital yesterday between delegations led by Count Otto Lambsdorff, Bonn's Economics Minister, and Mrs Chen Muhua, the Chinese Foreign Trade Minister.

Among topics for discussion are prospects for more joint industrial projects in third countries, double taxation and investment promotion agreements.

In addition, Volkswagenwerk AG of Wolfsburg has been in negotiations with the Chinese for several years on a co-operation deal, understood to involve some form of local assembly of VWs in Shanghai.

VW has discounted reports that a deal would be signed during the visit of Mrs Chen but said it would be a matter of discussion.

The high German hopes of billion d-mark contracts in the mid-1970s seemed dashed when Peking embarked on a much more cautious economic development path.

Ministry says all major German-Chinese industrial projects which were initially stalled in 1981 because of Peking's new policy, are now to be fulfilled after direct talks between the enterprises concerned and the Chinese; but this will mean delay in carrying through some of the projects, for example the one for a major steel works at Baoshan near Shanghai.

For the future, German hopes concentrate in particular on small- and medium-sized co-operation projects in the mechanical and electrical engineering, chemicals, pharma-

ceuticals and agricultural sectors. German companies have already concluded several licensing and know-how accords with the Chinese and some joint companies have been established, though there is a long way to go before China looms really large in West Germany's foreign trade.

Last year the Germans exported goods worth DM 2.3bn to China and imported goods worth DM 1.7bn. The total volume of DM 4bn is about one-quarter that of the trade between West Germany and the Soviet Union.

## INSIGHT INTO JAPANESE TECHNOLOGY

One of a series of interviews by Mr. Dick Wilson and Dr. Yotaro Yanase

### Casio: Advancing into high technology with unique products



Mr. Kazuo Kashio  
Executive Managing Director

its own chips, given its monthly production of 2½ million calculators and 2 million watches, all using LSI.

**Kashio:** To produce all the LSI's and VLSI's ourselves would require a big investment and research. We are, of course, conducting basic research on the designs of the chips we need and also we have capability of LSI's production with an advanced technology. But we don't plan to go into it in a big way ourselves. Instead, it would far more efficient to commission other companies to manufacture them for us.

**Wilson:** You have come to specialize in what one might call compound products, combining functions of many different articles. Will you continue in that way?

**Kashio:** Our company is ready to handle whatever electronics-related products consumers want. So far watches have been considered mechanical products, made by only a couple of manufacturers. At the beginning of this year we marketed our "Walking Dictionary" watch. By using a VLSI in a watch for the first time, we transformed it into a piece of information equipment. In addition to conventional functions of setting off alarms and telling international time, the watch stores hundreds of basic English words and phrases.

Another example of compound functions is the Casio Mini Pocket-size electronic calculator, which carried electronic calculators into a new era in Japan ten years ago.

Its remarkable technical feature is its circuit design. The number of LSI chips was reduced from the usual four to only one, on the assumption that for some time there would be no dramatic improvements in either LSI's or display tubes.

Thus way, the product was greatly simplified and the price reduced by one third.

#### New electronics technology

**Kashio:** We are now in the market with some new electronics technology, and what I said about watches could also be applied to musical instruments. Here again the field was conventionally occupied by a small number of manufacturers.

Casio challenged the industry with a new concept. The famous Casiotone, a completely new musical instrument, appeared on the market in 1979. The compact, electronic instrument reproduces the sounds of 29 different instruments.

Two years later, the company introduced an even simpler version for amateur musicians, the Casio One-Keyboard VL-1. A person can "play" listen or "compose" by pressing the keyboards with his finger.

**Kashio:** This is a new era, and a big feature of it is the wide choice of quality of sounds which instruments can be

made to reproduce. Yet 90 per cent of the population are not able to play instruments. We provide instruments that anybody can play. Another example is our Melodylamp, which lights up to show which key on the keyboard to strike.

**Wilson:** I see that while calculators account for about half of your sales, and watches another 37 per cent or so, you have a small production of office computers. Do you have a programme for Office Automation products?

#### A concept of Office Automation

**Kashio:** A definite concept of OA has not yet crystallized. Of course, office computers and facsimile will be major lines in the future and we will be among those developing them. But they should be part of an overall system and coordinated with other machines. Similarly the personal computer should be linked with word processors.

About two-thirds of Casio's output is exported to more than 140 countries around the world including the US, West Germany, England, Taiwan and Australia.

The company expects to enlarge their overseas presence, but it is not easy to "export" production or manufacturing itself when the products are by their nature mass-produced in order to keep prices down.

Such a highly rationalised and robotised production system does not lend itself to large-scale investment overseas, quite apart from the problems with meeting other countries' terms about employing local personnel, and using local components.

Nor is there the same incentive which other industries may have to manufacture abroad, in the sense that Japan in any case accounts for 90 per cent of world production of calculators.

Casio's sales have grown ten-fold in the past ten years, and turnover has now reached 400 million pounds. What are the sales targets for future?

**Kashio:** We intend to double our sales in the next three or four years, by expanding our existing products and introducing new ones. We hope in fact to bring out a new product every year, and thus maintain the rapid growth of recent years.

We now have on our list more than

two hundred different kinds of calculators and 230 kinds of watches, leaving discontinued lines aside. In the case of our most popular product, the HL809, the demand is for half a million monthly. We regard a demand of only 3,000 a month as the bottom line, below which production is no longer justified. The only way we could beat the recession is for us to go into new markets with new products. If we had stuck to calculators of the kind we used to make, we would long ago have reached saturation point. But by combining them with new ideas like games, or melody functions, we can keep a hold on the market."

**Wilson:** How would you rate the quality of the products coming from your competitors in Korea and Taiwan?

**Kashio:** They are still behind in research and development. Their strength lies in making a limited range of products using standard chips with more cheaply.

Once they get something accepted, they can do well as they do with lower-priced watches. Even so, we intend to compete there, too, at the lower end of the market. We have a 4.99 pounds watch, for example, and a more sophisticated digital one, too.

A watch used to be a status symbol like a lighter. Just as cheap lighters have now replaced expensive ones, and the same has happened with watches. The cheaper ones work very well. What people really want from their watch is for it to function well, look nice and not cost too much.

The status symbols of the future will surely have higher functions including memory and a speaker."

Casio's corporate plans for the future are far-sighted and sweeping — as is the view of Tokyo which executives get from their headquarters on the 39th floor of the lofty Sumitomo Building in Tokyo's swanky Shinjuku district.

# CASIO

CASIO COMPUTER CO., LTD.  
2-6, Nishi Shinjuku, Shinjuku-ku,  
Tokyo, Japan  
Tel: (03) 347-4837

CASIO ELECTRONICS CO., LTD.  
Unit 6, 1000 North Circular Rd.,  
London, NW2 7JD  
Tel: (01) 450-9131

## Airbus Industrie decision on A-320 airliner expected

BY JAMES BUCHAN IN HANOVER

AIRBUS INDUSTRIE, the consortium of European aerospace companies, expects to reach a final decision this year on whether to go ahead with development of its £2bn (£1.08bn) short-to-medium-haul airliner, the A-320.

Speaking at the start of the Hanover Air Show, Mr Roger Bestle, general manager of the consortium, said he expected discussions to be completed this year on which members of the consortium are to participate in the 150-seat airliner project. So far, discussions have been held up by uncertainty among the consortium members, including British Aerospace, over the financing they can expect from their various governments.

The company made clear that some members of the con-

sortium might take smaller shares than they did in the case of the development of the 250-seat A-300 or 210-seat A-310, which receives its first public showing to Hanover today.

The company believes there is a long-term future for a narrow-bodied airliner, such as the A-320, outside the crisis-ridden domestic U.S. market.

The company is also encouraged by the flight tests on the A-310 which began at the beginning of April and have revealed fewer problems than in the case of the now established A-300.

Aerospaciale of France and Deutsche Airbus of West Germany hold the largest share of the project with 37.9 per cent each. BAE holds a 20 per cent share and Casa of Spain has the remaining 4.2 per cent.

## Douglas still considering 150-seater joint deal

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

MCDONNELL DOUGLAS of the U.S. is still closely studying the potential market for a new 150-seat airliner, but does not expect to commit itself to any development decision before the end of this year, or well into 1983.

The U.S. manufacturer some months ago severed by mutual arrangement its earlier agreement to develop such an aircraft with Fokker of the Netherlands, called the MDX-100.

Its new design, which offers some improvements over the MDX-100, is called the D-3300-1. This is still being refined, but broadly McDonnell Douglas sees it as being a twin-engine, short-to-medium haul aircraft, with two aisles in the passenger

cabin, with six-abreast seating. The number of seats would be between 153 and 174.

It foresees a formal launch decision on the D-3300-1 some time around the end of this year or early in 1983.

The governing factor, apart from the need for a revival in the world airline industry's financial fortunes, is the availability of a suitable engine.

The company is looking at two candidates — the Rolls-Royce/Japanese RJ-500-35C3 of 23,800 lbs thrust, and the U.S. Pratt and Whitney STF-632 of 24,100 lbs thrust.

McDonnell Douglas says that, if necessary, it could finance development of such an aircraft from its own resources entirely.

## Barbados hands U.S. air routes to BWIA

BY TONY COZIER IN BRIDGETOWN

BARBADOS has agreed to hand its air routes into three U.S. cities over to the Trinidad and Tobago national airline, BWIA International. The Barbadian Prime Minister, Mr Tom Adams, has hinted that his government is willing to recognise BWIA as the regional air carrier.

Mr Adams said that BWIA International would get Barbados's sanction to operate routes between Bridgetown and Boston, Baltimore and Washington — at one time serviced by the Barbados national airline, Caribbean Airways.

Agreement was reached on the transfer during talks last week in Port-of-Spain between Mr Adams and Mr George Chambers, Trinidad and Tobago Prime Minister.

Mr Adams said he believed that a regional air carrier, recognised by all commonwealth Caribbean countries, was desirable.

Mr Adams said his Government had applied for a third BWIA International flight between Barbados and London but that had been held up because of objections from Britain.

## UK order in Korea

BY ANN CHARTERS IN SEOUL

A £19.2m CONTRACT to import scientific equipment has been signed between the Korean Ministry of Education and Associated British Machine Tool manufacturers. The equipment to be used in 13 universities is for agricultural, fisheries, and pharmaceutical departments, and is primarily intended for applied research with practical applications.

The agreement under negotiation for three years, will require another several months before the specifications for over 12,000 items are complete. The British company expects to tender bids early next year in UK companies, who have preference as suppliers since 85 per cent of the contract value is being financed over seven years by Britain's Export Credit Guarantee Department.

The other vital ingredient is, of course, research and development. As its motto, "development is merely management" underlines, Casio devotes three per cent of sales revenue to finance its research and development activities, including wages for its 500 researchers, engineers and scientists. In addition, it is planning to build a new laboratory to supplement the existing one at Hamura.

An interesting feature of Casio's operation is that it does not manufacture all of



## UK NEWS

## Concern at build-up of Japanese car stocks

By Kenneth Gooding, Motor Industry Correspondent

THE UK motor industry is becoming concerned about the build-up of stocks of Japanese cars in Britain and will raise the matter when talks take place in Tokyo next week.

Car shipments from Japan to the UK totalled 90,000 in January-April this year, whereas sales reached only 53,500, down from 63,000 in the corresponding period of last year.

The Japanese share of the UK market has therefore been reduced from 11.37 per cent in the first four months of last year to 9.71 per cent.

This was well within the 10 to 11 per cent market share that the British expect the Japanese to register for the full 12 months.

However, shipments can be rapidly changed into sales, and representatives of the UK Society of Motor Manufacturers and Traders will be seeking more information about the Japanese plans when they meet the Japanese Automobile Manufacturers Association in Tokyo on May 26 and 27.

The subject has some urgency because the UK industry has recently reduced its forecast of car sales in 1982. Registrations are now predicted to be 1.45m, or roughly 1.5m, compared with the 1.52m forecast by the society in January.

The industry-to-industry talks are now in their seventh year and have resulted in the Japanese voluntarily restraining shipments for most of that time. The latest round of meetings will take place in a more-or-less cordial atmosphere because the Japanese have been living up to their undertakings in the past few months.

In particular, they have cut dramatically their share of the light commercial vehicle market—a subject which provoked a furious row last year.

Only 4,600 light commercial vehicles were shipped from Japan to Britain during the January-April period this year, while registrations have been cut from over 6,000 to about 4,500.

The major Japanese vehicle importers have been told that their 1982 allocations for light commercials have been cut by at least 30 per cent from last year—and in some cases by more than half.

## IMI plans commercial property development

BY ANDREW TAYLOR

IMI, the Birmingham-based metals and engineering group, has announced plans for a major commercial property development which could eventually occupy half the company's 220-acre industrial and headquarters site at Witton, near Birmingham.

IMI has joined a number of leading industrial companies, including GKN, Birmid Qualcast and Courtauld, which are to develop industrial estates on unwanted factory sites.

A large slice of the Witton site has become surplus to

requirements because of cuts, modernisation and rationalisation within various IMI divisions.

As a first phase IMI is seeking planning permission to develop about 45 acres. Proposals call for a 50,000 square foot retail development; six industrial units ranging from 12,500 square feet to 45,000 square feet and a 400,000 square foot warehouse or distribution centre that can be occupied by one tenant.

IMI has still not decided on the best method of funding the

development, which it says it would prefer to retain as a long-term investment. The first phase is likely to cost between £15m and £20m. Richard Ellis has been appointed development consultant.

Further redevelopment of the site will depend upon the successful letting of the first phase which could take four to five years to complete.

IMI has decided to redevelop the land because of the complexity of the site and the current difficulty of selling standing industrial premises in a

highly competitive market. A number of unoccupied buildings are low grade.

IMI will continue to occupy about half the site where it has its headquarters and a number of operating divisions which will remain. About 4,000 workers are employed at the site compared with 7,000 in the mid-1970s and 20,000 during the Second World War.

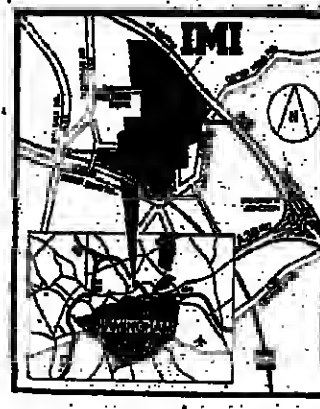
Much of the site has become surplus to requirements following the closure of a zip-fastener factory about two years ago and as a result of improved produc-

tion techniques in the manufacture of ammunition for sporting guns.

These enable the priming of percussion caps to be carried out within a single building instead of a series of low-level buildings spaced well apart.

Rationalisation of other IMI interests has also released additional land at Witton which is situated along the M6 about three miles north of Birmingham city centre and adjacent to Spaghetti Junction.

Redeveloping factory wasteland, Page 23



## No action to be taken on saleroom allegations

By Antony Thornicroft

THE Office of Fair Trading has decided no action should be taken on allegations that Sotheby's and Christies jointly introduced a buyers' premium in 1975 through an unregistered restrictive agreement.

The fine art dealers submitted evidence to the OFT director-general supporting their claim that there had been collusion between the two leading auction houses but, on legal advice, Mr Gordon Borrie, director-general, dropped his investigation.

The decision removes a cloud from the sale rooms. They are having a difficult season, with the recession affecting prices of works of art. Financial disaster would have resulted had the legal action not been lifted, for the houses could have been forced to return all premium money collected in the past eight years.

The hope now is auction houses and dealers can sink differences and work to restore London's position as an art centre.

## Nightrider train may create others

BRITISH RAIL'S all-first-class overnight London-to-Scotland train was due to leave King's Cross at 22.05 hrs last night to inaugurate a nightly service. A similar train will set out from Aberdeen at 20.30 hrs nightly.

Fares on Nightriders were set at a level which BR says will fight back against cut-price coach operators on the long haul between London and Scotland.

A first-class London-Edinburgh seat costs £12, less than one-third of the ordinary first-class fare. London to Glasgow and Falkirk also £12, the fare to Newcastle £16, Dundee £14, and Aberdeen £16.

BR says the trains could be forerunners of others which allow travellers who have to eke out their spending money to be able to travel first-class.

## Shotton steelworks moves out of red

SHOTTON STEELWORKS has moved out of the red for the first time in eight years. Demand for its specialist steel-coated products is still rising, with a total weekly throughput of about 13,000 tonnes compared with an all-time low of 7,000 tonnes more than a year ago.

Management said March was the best month for years. Production and financial achievements were exceptional. British Steel Corporation refused to reveal figures but said the plant had broken even in March for the first time since about 1974. A steel-galvanising production-line is being returned to service.

## Ministers to discuss

Toxoth criticism CRITICISM of the education service in Toxoth, Liverpool, by government school inspectors, will be discussed by local education chiefs when they meet Sir Keith Joseph, Education Secretary, and Mr Michael Heseltine, Environment Secretary, next Wednesday in London.

## Van Heusen closing

WATCHET factory VAN HEUSEN, the shirt-makers, is to close its Watchet, West Somerset, factory at the end of the month, making 135 redundant. A year ago the company closed its Taunton factory with the loss of 200 jobs.

Mr Kevin Loftus, managing director, said yesterday the cut was due to a drop in demand for formal shirts in Britain and Europe though leisure-wear output was rising. He said the workers were not being offered alternative employment in the group.

## South Wales coalfields face conflicting pressures

Robin Reeves looks at miners' strike threat over colliery closures

THREATS of another miners' strike over pit closures emerged from last week's annual conference of South Wales miners in Porthcawl, even though only 15 months have passed since Mr Emyr Williams, the Welsh NUM leader, led the colliery out on strike over the issue.

They won what seemed a famous "victory" over the Government and the National Coal Board and the pit closures programme was withdrawn.

Tomorrow, Mr Arthur Scargill, NUM president, is promising to deliver the same militant message at a meeting with the NCB. He will tell the board that the miners are deeply concerned at talk of further contractions, at the level of imports of coal and oil for electricity generation and at the preparedness of their industry and jobs, if necessary by industrial action.

In South Wales, at least, the mood is defensive, rather than offensive, a recognition that the problem which led to last year's closure programme—soaring financial losses—remains. The word is that the South Wales coalfields' deficit is likely to be significantly higher than £100m in the 1981-82 financial year just ended, whereas the NCB is expected to break even overall.

Since last year, there have been pit closures and manpower cuts in South Wales. They have included the shutdown of Coednant colliery, near Maesteg, where the banner of revolt against the closure programme was first raised. The century-old colliery simply became unworkable.

But these economies, accepted by local NUM leaders, have been insufficient to reduce the higher financial losses arising from the recession—the high interest charges on unsold coal stocks and depressed prices for the coal that has been sold at home and abroad.

In the circumstances, Welsh

miners' leaders have good reason for expecting renewed pressure to close some of the area's loss-making pits. The resistance of February 1981 was a shadow compared with how we will protect our jobs in the immediate future," Mr Williams told the conference delegates representing the coalfields' 24,000 miners.

The man caught in the middle is Mr Philip Weekes, the NCB's

South Wales director. A Welsh-

man who began his career as a

colliery manager in South Wales

in the 1940s, Mr Weekes worked

at the NCB's London head-

quarters before returning to

Wales as area director in 1974.

Some four years ago, he was

publicly predicting that the

coalfields' finances would be by

now approaching break-even, not

least because a capital invest-

ment programme, the first of

any substance for many years,

was beginning to produce re-

sults. Its centre-piece and the

first new pit in South Wales for

many years was the Betws drift-

mine, one of the most profitable

collieries in Western Europe.

The Betws experience also

showed that the Welsh miners

were prepared to co-operate with

closures, given investment in the

coalfield's future. The mine

was named from nearby pits,

which were then closed.

Mr Weekes' break-even fore-

cast went badly wrong because

of the sudden, drastic cuts in

the steel industry—a major

market for Welsh coal.

The British Steel Corpora-

tion's decision to halve output

at its two South Wales steel

plants, at Llanwern and Port

Talbot, not only reduced poten-

tial sales of Welsh coking coal

by the same amount, but the

decision to switch to supplying

Port Talbot exclusively with

imported coking-coal supplies.

One result of last year's

closures strike was that, as con-

tracts for U.S. and Australian

coking coal imports expired,

BSC agreed to resume purchas-

ing about 400,000 tonnes of

Welsh coking-coal a year for

Port Talbot. But the contract

stipulated, as at Llanwern, that

the price should match world

coking-coal prices, which can

be depressed.

Another uncertainty is that

the Central Electricity Generat-

ing Board is talking of phasing

out its Aberthaw "A" power

station on the South Wales

coast, which has been a major

customer for Welsh coal. The

future of the Phurnacite smoke-

less fuel plant at Aberaman,

which absorbs the output of

several pits, is also insecure.

Mr Weekes is known to

believe that another confronta-

tion can be avoided, and that

the Welsh miners would agree

to an accelerated closure of

major loss-making pits if there

is a gesture of confidence in the

future of the coalfield.

He has made no secret of

his belief that a trade-off can

be made between closures and

employment.

For this reason they believe,

previous attempts to explain the

movement of wages as a whole

in terms of the pressure of

demand and other economic

factors have been unsuccessful.

However, when the pattern of

private sector wages was con-

sidered on its own, they found a

close relationship with the

behaviour of the economy as a

whole.

In the study of wages from

1971 to the second half of last

year, they say they found a

close and positive relationship

between private sector wage

increases and the level of un-

employment.

The conclusion: "Incomes

policies are clearly crucial in

the non-trading public sector,

but appear to have little effect

on the rest of the economy."

However, they believe that

incomes policies may have a

weak indirect effect on the

private sector through the

example set by the public

sector.

In its latest forecast for the

UK economy, also published

today, the Economist

Intelligence Unit says it expects

the annual inflation rate will

fall to about 10 per cent this

year. But it does not expect a

slow-down in the growth of

earnings in the 1982-83 pay

round.

Consequently it predicts infla-

tion will stay at just over 10

per cent next year before falling

to 8.7 per cent in 1984.

The prediction for UK output

is slightly more optimistic than

in the EU's previous forecast,

but a little less than the

Treasury's projection of 1.5 per

cent growth this year.

By the spring of 1984—the

latest date for a general elec-

tion—the Economist Intelli-

gence Unit predicts real output

will have recovered to about

the same level as at the time

of the 1979 election. However,

manufacturing output will be 12

per cent lower. Unemployment

is expected to continue to rise

until mid-1983, when it will fall

by about 100,000 during the

spring of 1984.

Prospects, EU 27, St. James's Place, London SW1 1NT.

## Unemployment has held private sector wages down, says study

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE DOUBLING of unemployment during the last two years has held wages in the private sector to about 17 per cent below what they would otherwise have been, says a study published today by the Economist Intelligence Unit.

However, the analysis suggests that the growth of public sector wages depends much more on political factors than on economic activity or unemployment.

In an article in the spring 1982 issue of the unit's UK Economic Prospect, Mr Paul Ormerod and Mr Paul Capella say they have found a striking difference between the way in which public and private sector earnings appear to be determined.

They write: "The movement of wages in the non-trading public sector closely reflects the narrative history of the various 'ons and offs' of incomes policies during the 1970s."

For this reason they believe, previous attempts to explain the movement of wages as a whole in terms of the pressure of demand and other economic factors have been unsuccessful.

However, when the pattern of private sector wages was considered on its own, they found a

## ECONOMIST INTELLIGENCE UNIT FORECAST FOR UK PER CENT INCREASE AT 1975 PRICES

	1982	1983	1984
Output	1.3	2.3	2.0
Exports	4.2	3.0	4.5
Imports	9.6	4.8	6.0
Retail Prices (annual % increase)	10.6	10.4	8.7
Unemployment (% of labour force)	12.1	12.5	12.1
Balance of payments current account (£bn)	3.6	2.7	0.5

close relationship with the behaviour of the economy as a whole.

In the study of wages from 1971 to the second half of last year, they say they found a close and positive relationship between private sector wage increases and the level of unemployment.

The conclusion: "Incomes policies are clearly crucial in the non-trading public sector, but appear to have little effect on the rest of the economy."

However, they believe that

incomes policies may have a

weak indirect effect on the

private sector through the

example set by the public

sector.

In its latest forecast for the

UK economy, also published

today, the Economist

Intelligence Unit says it expects

the annual inflation rate will

fall to about 10 per cent this

year. But it does not expect a

slow-down in the growth of

earnings in the 1982-83 pay

round.

Consequently it predicts infla-

tion will stay at just over 10

per cent next year before falling

to 8.7 per cent in 1984.



## Cheaper air travel likely with new charter rules

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

NEW RULES for holiday charter flights between the UK and Western Europe, announced by the Civil Aviation Authority yesterday, could lead to cheaper air travel to many holiday destinations from provincial airports.

Under the new rules—which will require the approval of the destination countries—any airline flying package-tour holiday passengers to the Continent from UK airports other than Heathrow, Gatwick, Stansted and Luton will be allowed to offer up to 15 per cent of its seats to “travel only” passengers.

Hitherto, travellers have generally been obliged to buy both air travel and hotel accommodation. This has prevented many potential travellers (such as villa owners and even businessmen) from travelling quickly and conveniently from UK provincial centres to parts of Europe not served by regular scheduled flights.

The rules, if accepted, could change this entirely. The plans are seen as another major step in the UK's broad strategy of trying to bring down the cost of air travel in Western Europe.

It would become possible for passengers who want only air travel to fly between provincial centres and those European cities not already served by scheduled services.

The big question still outstanding is whether the foreign countries—mainly in Western Europe—will agree to accept

the scheme, at least on a trial basis. Talks are starting with those countries, but it could be some time before agreement is reached and the “travel only” seats can be sold.

The countries may feel that the “travel only” concept, even on such a limited basis, could undermine their own scheduled service operations.

To reduce possible opposition, the CAA has specifically ruled out the scheme for any holiday flights from the London area. It feels there are adequate scheduled services available from the London area to meet travellers' needs.

In addition, some destinations served from Manchester, Birmingham, Glasgow and several other provincial cities are also excluded, for the same reason. The rules would not apply to flights to Gibraltar.

The authority sees its plans as modest, and hopes that the destination countries will respond favourably. But it stresses that until they have accepted the scheme, the “travel only” tickets cannot be offered.

It suggested that, if the scheme is implemented, it could save passengers up to £128 on a flight between Manchester and Venice, and give comparable savings on other charter flights from provincial cities.

But Britannia also argued that the authority should permit the scheme to operate from airports in the London area. It said it was unreasonable to exclude those living in the South-East or who used the region's airports.

British Airways is experiencing a “modest” improvement in passenger numbers and forward bookings for the summer months are also promising, says Mr Rny Watts, group managing director.

Writing in the latest issue of *British Airways News*, he says that the small growth in traffic in April suggests that “while things may not be getting very much better, perhaps they have at least stopped getting worse.”

Many airlines worldwide are resorting to “malpractices”—such as offering fares below the officially agreed levels—in order to win traffic during the recession.

A survey of airline practices being conducted by the International Air Transport Association indicates that many airlines are still giving travel agents inflated commissions, in some cases as much as 40 per cent, in a bid to win more ticket sales.

Mr Raymond Cope, IATA's assistant director-general of traffic and industry finance, said his hope that practices were returning to a more normal state was dashed by early returns from the survey, which is due to be completed in June.

## BR to pay damages over theft of cheese

By Raymond Hughes, Law Courts Correspondent

THE THEFT of 975 cartons of imported French cheddar cheese led to an award of £220,122 (£20,011) damages against the British Railways Board in the High Court yesterday.

Mr Justice Stephen Brown ruled that BR was liable to pay the damages to the French supplier of the cheese, as it had been in the care of BR's subcontractor when it was stolen. But the judge said BR was entitled to be indemnified by the subcontractor, K. Milligan.

The dispute turned on a telephone conversation in which the UK agent of the French supplier, Société Anonyme Des Fermiers Reunis, arranged with a man it understood was an employee at BR's depot at Park Royal in London for the delivery of the cheese to a company in Woolwich.

The cheese arrived at Woolwich too late to be unloaded that day, and was left on Milligan's trailer overnight. Both trailer and cheese were stolen and never recovered.

The French company contended that BR undertook to deliver the cheese, engaging Milligan as its agent or subcontractor to make the delivery.

BR denied any knowledge of the telephone conversation and denied having contracted to deliver the cheese to Woolwich. It said it had stopped making any deliveries two months earlier, when National Carriers ceased operations.

The judge said he was satisfied that a BR representative at Park Royal had undertaken to make the delivery.

## Communications gold mine under the streets

Guy de Jonquieres describes Britain's buried treasures



Roger Taylor

London Hydraulic Company tower.

WHEAT DO British Rail, London Transport and N. M. Rothschild, the merchant bankers, have in common? One answer is, investments in holes in the ground which may soon yield unexpected dividends as a result of changes in Government policy towards telecommunications and cable television.

The holes consist of thousands of miles of ducts, pipes and tunnels bonycombing the earth beneath the streets of London and its suburbs. Some have long outlived their original purpose and lie disused, but over the next few years they could take on a new lease of life carrying modern communications cables.

The Government has put a high priority on plans for the “re-wiring of Britain.” In February, it licensed the Mercury consortium, headed by Cable and Wireless, to build an independent communications network. It is expected later this year to give the green light to expanded public and private investment in cable television systems and advanced two-way video communications circuits.

In London, it is impractical to lay cable above ground, and digging up the road is immensely expensive, costing as much as £800 per metre. There are legal obstacles, too, since the right to make holes in streets and pavements is restricted to a handful of organisations, mostly nationalised industries. There could thus be strong demand for alternative rights of way, or wayleaves.

London Transport realised some months ago that it might be sitting on buried treasure. It set up a task force headed by Dr Henry Fitzhugh, its chief scientific adviser, to draw up an inventory of its subterranean network and to sound out prospective customers.

As well as its underground railway, which has half a dozen Thames crossings, London Transport possesses about 1,000 miles of ducts which once carried tramway power lines. These lie mainly south of the river.

London Transport already

provides wayleaves for about a dozen organisations, including British Telecom and Visionaire, the cable television operator. Revenues range from several thousand pounds to as little as 5p a year.

Discreet approaches to about 20 other organisations have so far yielded positive responses from Mercury and Greenwich Cablevision. Mercury is planning initially to link customers in London by means of microwave radio, but is interested in

installing cable connections. London Transport stresses that discussions are still at an exploratory stage. The issue is somewhat sensitive, because London Transport is not yet sure of the altitude of its unions, whose colleagues at the Post Office Engineering Union are unhappy about the challenge Mercury is likely to pose to British Telecom.

British Rail, which has already agreed to carry Mercury cables across the country in

ducts alongside its track, is interested in the possibility of providing wayleaves in London. But it does not appear to have taken the matter as far as London Transport.

The Central Electricity Generating Board also has extensive wayleaves in London, and has in the past considered building its own national voice and data communications system. But laying new cable would mean switching off the electric power while construction work was under way.

Unlike the organisations mentioned so far, Rothschild did not inherit wayleaves in London, but acquired them. It is a major shareholder, along with Trident Television and various unnamed interests, in a consortium which bought 80 per cent of the London Hydraulic Power Company (LHP) for £1.2m last September.

LHP owns 160 miles of empty cast-iron piping in inner London. The system was built to carry water under pressure, and was once used to operate most of the lifts in London and to raise and lower Tower Bridge and the stage at the London Palladium.

It ceased functioning in 1977, but in the same year, Parliament gave it the right to serve as a telecommunications system. One section of the piping is used to carry a high-capacity optical fibre cable which transmits data between traffic computers in Scotland Yard and County Hall, the headquarters of the Greater London Council on the south bank of the Thames.

Rothschild is reticent about exactly how the consortium plans to use the LHP network. But it has confirmed that it is talking to prospective customers.

British Telecom's network of underground ducts is probably the biggest in London. Its cables run under almost every street and pavement, and the organisation is unsure exactly how big the system is. Its plans are stored on thousands of separate documents and it fears that some of its early records may be missing.

## Changes in airport management

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Airports Authority, which runs Heathrow and Gatwick and other major airports in the UK, is reorganising its top management. The aim is to gear the authority for the major developments expected in the 1980s.

Increased authority will be invested in Mr John Mulken, the group managing director, leaving Mr Norman Payne, the chairman, and other board members to concentrate on long-term strategic policy and the monitoring of the

authority's overall performance. A commercial development director will be appointed, responsible for the authority's income from commercial activities (such as duty-free sales) and rents and concessions, which provide up to 40 per cent of the authority's total income.

Managers of individual airports and other sections of the authority are to be given greater freedom in running their affairs, while greater emphasis will be placed on corporate planning.

Mr Payne says that if the authority is to remain efficient in the market-place it “must be ruthlessly efficient in all areas.”

One of the major changes is that Mr Mulken, as managing director, will be able to sanction spending of up to £2m on any project, instead of £500,000 at present. He will be passing on some of this delegated financial power to other senior managers so they can authorise speeding on significant projects without reference to him.

## Prince reveals estate jobs plan

BY LORNE BARLING

PRINCE CHARLES announced yesterday that the Duchy of Cornwall is financing the conversion of a number of old farm buildings on its estate to small workshop units in an effort to create employment.

The project is being undertaken with the assistance of the Council for Small Industries in Rural Areas (Cosira), and is also intended to encourage landowners to improve derelict buildings for similar use.

Prince Charles yesterday presented awards to the winners of a rural employment competition, sponsored jointly by the Country Landowners' Association and Cosira, at Street Farm, on the Highgrove Estate, Gloucestershire.

He said he welcomed the

opportunity to improve buildings “in my own backyard” and hoped to provide premises at Street Farm for three or four small companies, including light engineering and electronics concerns.

Lord Middleton, president of the C.I.A., said the problem of unemployment in rural areas had long been overlooked, because of the comparatively small numbers involved.

There was nevertheless a high degree of under-employment, which contributed to urban problems because people drifted to the towns and cities in search of jobs.

One reason for this was that less land was being let, since owners were increasingly farming it themselves. But land-

owners, if encouraged, could create jobs at a far lower cost than Government agencies, he said.

The joint winners of the competition, which was open to entrants from the south west of England, were Sandford Farm, Mosterton, Dorset, and Runstree House Hotel, Chelwood, near Bristol.

A number of farm buildings at Sandford Farm have been converted into holiday homes and a shop, creating a small number of jobs, and the hotel has been developed from an 18th century manor house and stable building.

A prize of £1,000 was shared between the two enterprises, and similar competitions will soon be held.

## Powered two-wheeler sales fell sharply last month

BY JOHN GRIFFITHS

REGISTRATION statistics for April show that powered two-wheeler sales dropped by 35.05 per cent to 20,211 from 30,596.

The figures are misleading, however, because over the same period last year many registrations were brought forward to escape the imposition of car tax on motorcycles introduced in the 1981 Budget. The Motorcycle Association has devised an index, based on the monthly pattern of sales in the last “normal” year,

1980, aimed at ironing out the distortion. Thus when the index is used, last month's sales were down 21 per cent from 25,548, calculated, sales if last April had been a normal month.

The distortion shows up even more strongly in registrations for the year so far: 62,979, a drop of nearly 56 per cent from last year's 141,948. Using the index figure of 78,597 for 1981, however, the fall is reduced to 20 per cent.

## Proposals for state industry audit backed

By Mark Meredith, Scottish Correspondent

THE SCOTTISH Consumer Council yesterday backed proposals to improve methods to monitor the performance of nationalised industries. Mr Peter Gibson, council director, was commenting on government plans to improve nationalised-industry consumer councils' effectiveness.

He supported the National Consumer Council's auditing proposals for state industries.

## Phoenix loses war risks premium case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

PHOENIX SHIPPING Company was liable to pay the owner of a chartered vessel \$116,182 (£61,439) in additional war risk insurance premiums incurred as a result of the vessel entering the Gulf, the Commercial Court has ruled.

The company had contended that under the terms of the charterparty under which it had operated the vessel, its liability was \$9,240.

The dispute over the extent of the charterer's liability centred on a clause in the New York Produce Exchange form of charterparty. The court had been told that the wording of the clause had led to a number of disputes between owners and charterers.

Clause 53 said: “Premium for basic war risk insurance on hull and machinery and crew always to be for owner's account, but any additional premiums... in respect of these risks arising from the vessel proceeding... to areas... designated as excluded areas... to be for time charterer's account.”

Phoenix had insured its vessel against war risks with the Hellenic Mutual War Risks Association (Bermuda). Cover was \$9.6m in respect of hull, materials, machinery, etc., under Rule 2(A)(i) of the club rules, and for \$2m in respect of freight etc. under Rule 2(A)(ii).

Phoenix challenged a decision of arbitrators that it was liable to reimburse Apex for the additional premiums calculated on the total values for which the vessel was insured under Rule 2(A)(i) and (ii), and in respect of cover against detention or diversion expenses under Rule 2(B).

Phoenix argued that because clause 53 referred to “hull and machinery,” Apex could recover only the additional premiums relating to Rule 2(A)(i).

Mr Justice Mustill said that the expression “hull and machinery” could apply in two different contexts: in an insurance contract as part of the definition of the cover, or, as used in the shipping world in a looser sense, as a shorthand way of describing a type of cover. The expression had no pre-

cise fixed significance in the market, said the judge. In particular, it did not refer only to insurance where the subject matter was described as the “hull and machinery” of the vessel.

Given that it had no fixed significance, what did “hull and machinery and crew” describe in the context of war risk insurance?

The judge's opinion was that it meant no more than “ordinary” war risk insurance in respect of the vessel, plus war risk insurance in respect of her crew—“ordinary” in the sense of the kind of insurance a charterer would expect the vessel to be carrying.

In the ordinary way, all the risks listed in Rule 2 would form part of the central core of cover provided by the Hellenic Association. It was therefore legitimate to construe “hull and machinery and crew” as referring to that central cover, plus crew cover, said the judge.

He upheld the arbitrators' decision and dismissed Phoenix's appeal.



# PEARL ASSURANCE

Public Limited Company

STATEMENT BY THE CHAIRMAN, MR. F. L. GARNER

## IN THE REPORT AND ACCOUNTS FOR THE YEAR 1981 THE CHAIRMAN, MR. F. L. GARNER, STATES:

Net profit after tax for the year was £11.54 million as against £10.46 million for 1980. The increase was thus 10.4 per cent, but in the light of your Board's view of future prospects they have no hesitation in recommending a final dividend of 14.5p making a total for the year of 23p, an increase of 15 per cent over the previous year.

Transfers from the life branches have increased by 11.8 per cent over 1980, a rather lower rate than in the two previous years, reflecting the slower expansion of business during the year. It must however be borne in mind that our unit-linked life assurance business, which is to some degree sold in place of conventional business, is written in a separate subsidiary Pearl Assurance (Unit Funds) Limited and thus does not contribute to the above transfers. Clarification of some taxation doubts and of the requirements for development finance in this subsidiary have removed previously existing obstacles to distributing part of its surplus, and a first dividend of \$500,000 paid to the parent company should be regarded as part of the profitability of our total life operations. If the transfers to profit and loss account in both our unit-linked life assurance subsidiaries were, in each of the last two years, combined with the life branch transfers in the parent company, the above increase of 11.8% would become 16.2%.

## NEW LIFE BUSINESS

Inevitably the rate of expansion of our life business has been limited by the general economic background. The sections of the population with which most of our business is written are those which have been most seriously affected by unemployment and restraints upon earnings. This factor has affected all industrial life offices. Our new business in the industrial branch was slightly down on 1980 and our premium income growth was under the rate of inflation. In the first quarter of 1982 new business in the ordinary branch, partly because of a successful TV advertising campaign, has improved. In the industrial branch new business was at a similar level to last year.

The Annual General Meeting of the Company will be held on 9th June at 12 noon at the Registered Office, High Holborn, London, WC1V 7EB.

District Offices throughout the United Kingdom.

## SALIENT POINTS FOR THE YEAR

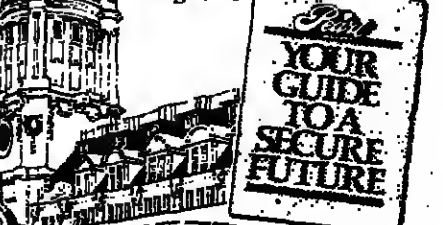
	1981	1980
<b>Life business (including subsidiaries)</b>		
New premiums per annum	43.0	43.8
Single premiums and considerations	15.7	11.1
New sums assured	858.8	868.9
Premium income	249.9	219.1
<b>Life surplus allocated to policyholders</b>	85.5	74.5
<b>Assets of Long-term business</b>		
At balance sheet values	1,456	1,508
At market values	2,105	1,956
<b>General branch</b>		
Premium income	61.0	52.4
Underwriting result	3.1 (loss)	4.6 (loss)
Trading result	0.5 (profit)	1.7 (profit)
<b>Profit and loss account</b>		
Transfers from long-term business	9.2	8.2
Transfers from short-term business	0.5	1.1
Investment and other income, less expenses and taxation	2.0	1.5
<b>Assets of Short-term business and Stockholders' Funds</b>		
At balance sheet values	105.1	87.7
At market values	154.5	114.3
Total assets of the group, at market values, increased from £2,158 million to £2,383 million.		

## THE GOWER REPORT

Another recent development of importance is the publication of Professor Gower's thoughtful discussion document on the securities industry. His report embraces to a greater extent than expected the sale of life assurance, and one aspect causes us concern. Although not actually recommending the prohibition of door-to-door selling of life assurance, he expresses a personal opinion to that effect. Since we are under a statutory obligation to collect premiums door-to-door, it is clear that we should sell on the same basis and indeed there are positive advantages to policyholders if business is sold in the atmosphere of their own homes. Legislation which prevented this would threaten the existence of industrial assurance. I can assure Professor Gower and those who study his report that should door-to-door sales of life assurance cease a vast number of people who should be insured would remain uninsured and a large slice of the nation's long term savings would no longer take place.

Mr. Trevor Gower, who was appointed to our Board in March 1979, after completing a distinguished career in our field organisation, retired at the end of March 1982. I wish publicly to thank him for his long and valued contribution to the Company's affairs. Mr. Alan Lankenshaw, on his retirement, from the leadership of one of our field divisions, accepted an invitation to join the Board on 1st March 1982 in a non-executive capacity.

Some of the adverse factors we faced in 1981, including the severe winter weather, persisted into 1982. We are sure that we can combat them. I am confident that we can count upon a full effort from our staff, and I would like to thank them all for their endeavours during 1981.



Our new booklet "Your Guide to a Secure Future" explains how Pearl Assurance and its range of policies can help you and your family plan for the future.

If you would like a free copy of this booklet or any of the other leaflets listed (entirely without obligation) please tick the appropriate boxes.

☐ Your Guide to a Secure Future ☐ Capital Accumulator  
☐ House and Home ☐ Self-Employed Pension  
☐ 10-Year Endowment ☐ Personal Accident/Sickness  
☐ Motor ☐ Maximum Investment Plan

Send to: Pearl Assurance PLC, High Holborn, London, WC1V 7EB.

Name \_\_\_\_\_ Address \_\_\_\_\_

Postcode \_\_\_\_\_

## COVER YOURSELF WITH

Pearl assurance

Pearl Assurance Public Limited Company, Registered in England (1419), Registered Office, High Holborn, London WC1V 7EB



## UK NEWS - LABOUR

## Print union threatens to end national agreement

By John Lloyd, Labour Editor, in Bournemouth

THE SOCIETY of Graphical and Allied Trades, the major print union, has warned wholesalers that it will pull out of the national agreement if substantial pay rises are not agreed in forthcoming negotiations.

The union's conference in Bournemouth yesterday decided to lodge a claim for £90 for a five-day week and a 25 per cent shift premium with the Provincial Wholesaler Newspaper Distributors, which covers some 80 companies including large groups like W. H. Smith. The present basic rate is £57.96.

The conference agreed that, if negotiations did not yield a satisfactory result, the union would cease to negotiate on a national level and resort to negotiations with individual companies.

Earlier, Mr. Alher Powell, the union's president, told the conference—the last biennial council before the union amalgamates with the National Society of Operative Printers, Graphical and Media Personnel—that the Government was set on destruction of the union.

Mr. Powell said that the printing trade unions had been singled out by the Government because "we all know that they are in the forefront of the closed shop approach to trade union organisation."

Mr. Powell said that, while the unions must defend themselves vigorously, the Government's employment legislation would be removed from the statute book only by further legislation.

"Whatever may be the debates this week about the internal and inter-union problems of the Labour Party, let there be no illusion that it is only by the return of a Labour Government that we shall find relief from this Act."

## Power workers vote for pay strikes

By Ivo Darnay, Labour Staff

BRITAIN'S 90,000 power workers will begin a campaign of overtime bans and selective strikes, starting in a fortnight, if the Electricity Council fails to improve a pay and conditions offer valued at 9.5 per cent.

A national ballot of manual workers in the electricity supply industry showed 41,249 voting for strike action, and 31,801 for accepting the offer—a majority of 9,448.

Officials of four main unions involved agreed yesterday on a two-stage campaign aimed at boosting the offer at least to the

level of the 9.5 per cent wage increase awarded to the miners earlier this year.

The campaign, expected to be endorsed by union executive committees, will include a national overtime ban from May 31 and a rolling programme of selective stoppages from June 14.

Workers are also expected to halt all collections from domestic electricity meters.

Outlining the campaign yesterday, Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades

Union, said that the objective was to hit the efficiency and cash flow of the industry without affecting consumers.

"People should still get their electricity and there should be no blackouts," he said. But he warned that in the long term the public could be hit by higher charges.

Selective strike action will be aimed mainly at the most efficient power stations to force less cost effective plants on stream. However, atomic power stations will be exempted and the unions will ensure that

supplies to hospitals and emergency services are maintained.

The Electricity Council yesterday expressed "disappointment" at the outcome of the ballot. Further talks would be sought with the unions shortly, the council said.

Under the present offer, basic pay for labourers earning £59.34 would increase by £5.37 a week, with the top craftsman's basic rate of £128.78 rising by £9.17. Average gross earnings for power workers are about £142 a week, including an average five hours overtime.

## Mobil lorry drivers set for 8% deal

By Our Labour Staff

MOBIL is on the point of concluding an 8 per cent pay deal with its 500 tanker drivers and depot workers, backdated to May 1 in what has become one of the oil industry's key annual negotiations.

Mobil wage deals in the last two years have become targets for drivers in the other companies which have November settlement dates. In spite of strike threats last November, companies kept rises down to 6.1 per cent, after Mobil had settled at 11 per cent. This left their top drivers' basic rate £3 behind Mobil, at £113.50 a week. The companies feared a rough ride in the coming autumn if Mobil widens the differential by setting high.

The 8 per cent deal may not prove controversial, since it is in line with present settlements in the industry. It will depend on whether companies try to push the level of rises still lower on the 1983-83 round.

The majority of the workers have already voted to accept the 8 per cent offer, which will raise the basic rate to about £178. Negotiators for 1,150 workers at one of Mobil's refineries are also urging acceptance of an 8 per cent offer.

## ICI offer of 7.14% rejected

By Our Labour Staff

UNION LEADERS representing ICI's 40,000 manual workers have turned down a pay offer of 7.14 per cent, which would amount to an average weekly increase of £7.50. Among ICI manual unions involved are: the Transport and General Workers Union, the General and Municipal Workers Union, the Amalgamated Union of Engineering Workers, the Electrical, Electronic, Telecommunication and Plumbing Union, the Amalgamated Society of Boilermakers and the Union of Construction, Allied Trades and Technicians.

## Civil servants' union takes tougher line on Government cuts

By John Lloyd, Labour Editor, in Bournemouth

GOVERNMENT scientists and specialists, organised by the Institution of Professional Civil Servants yesterday, hardened their opposition to Government cuts and employment policy.

The union's annual conference in Bournemouth voted in principle both to increase its "militant action" fund and to work to rule. It also decided to oppose the forthcoming employment legislation vigorously.

Delegates also voted to instruct the union's executive committee to press for an end to the practice of giving honours to Civil Servants in connection with their work.

The motion, which was carried almost unanimously, stemmed from rumours that the Government would not award honours to Civil Servants taking part in last year's industrial action.

The decisions reflect a rising tide of bitterness and militancy within the Civil Service, which has already produced a sharp swing to the Left in the executives of other unions.

Such a shift is unlikely in the so far solidly "moderate" IPCS, but it is clear that the union is increasingly alienated from its members' employers.

However, officials made it clear that the resolution on industrial action would have to

be put to members in branches to determine where action might be taken, and that no action would take place which might affect members in the Ministry of Defence engaged on work connected with the Falklands crisis.

The union's tough stance came after Sir William McCall, its general secretary, told the conference the Government had a "deep antipathy" to the "public services" based on the belief that public services are an onerous burden on manufacturing or productive industry and therefore should be curtailed as much as possible.

Mr. McCall warned the Government that the restoration of satisfactory industrial relations to the Civil Service depended on a system of independent arbitration on pay, of the kind available under the Pay Research Unit until it was scrapped two years ago by the Government.

It is understood, however, that the inquiry into Civil Service pay, now being undertaken by a committee under the chairmanship of Sir John Megaw, will not recommend such a system of arbitration as a major part of future negotiations. Arrangements are expected to be formally approved by the CCSU in July.

## Apex left-wing stand defeated

By Brian Groom

LEFT-WING attempts to press the moderate Association of Professional Executive Clerical and Computer Staff to take a militant lead in defying Mr. Norman Tebbit's Employment Bill were heavily defeated yesterday.

"We cannot afford to play into Mr. Tebbit's hands by bankrupting our union," said Mr. Ron Peck of the union's National Executive.

Delegates at Apex's annual conference in Blackpool backed the TUC's eight-point strategy, which shuns participation in closed shop ballots and provides

for co-ordinated industrial action but leaves the unions discretion in choosing the ground on which to fight.

Militants yesterday urged Apex to refuse to comply with any existing or future Tory union legislation, using demonstrations and strike action. They were defeated by four to one.

Mr. Peck said the left-wingers' amendment "wants this union to opt out of the TUC campaign and follow blindly the lead given by the Militant Left that intends to fight outside the law." He said there was no doubt, however, that Apex must fight the Employment Bill.

Conference also defeated a call for the TUC to break off all relations with the Government.

The conference voted for the Labour Party and the TUC to call a day of action on the day the Bill becomes law. The Executive Council supported this move as long as it did not mean strike action.

Mr. Tebbit's proposal to open union funds to civil suits for damages would expose Apex to claims of up to £250,000 for unlawful industrial action. Several claims could be made arising from one dispute.

## More join protest on privatisation

By Our Labour Staff

VIOLENCE FLARED again yesterday in the month-old privatisation dispute in Wandsworth, south London, and the strike spread to include another 250 of the council's manual staff.

About 200 refuse collectors have been on strike since the end of April over council plans to extend the recent privatisation of street cleaning to include refuse collection.

Yesterday, six refuse lorries which have been used to heat the strike were badly damaged by fire. Police are treating the incident as arson.

The lorries, worth about £30,000 each, belong to Pritchard Industrial Services, which is responsible for street cleaning in the borough and is tendering for the refuse contract. A decision on the contract is expected by mid-June.

The incident follows a number of allegations from Pritchard that its staff had been attacked and equipment sabotaged.

Mr. Ian Scott, a local official of the National Union of Public Employees, said that the union campaign against privatisation had no association with the violence.

Wandsworth's deputy leader, Mr. Maurice Heaster, is to meet dustmen's leaders tomorrow.

## Train services hit over new timetables

By David Goodhart, Labour Staff

MORE THAN a third of normal services from London's Waterloo Station were cancelled yesterday because of an unofficial strike by 200 train drivers at the station's depot.

The dispute was over new timetables, which were due to be introduced yesterday and which cause minor industrial action somewhere on the rail network almost every year. Flexible rostering was not an issue in the dispute, but it underlines the hostility of members of the Associated Society

of Locomotive Engineers and Firemen to rostering changes.

Aslef's annual conference begins in London today, and delegates are expected to back an executive recommendation to reject the McCarthy report, which said Aslef members should accept shifts of seven to nine hours with 13 "safeguards."

● The new electrified Bedford to Moorgate commuter line was due to start operation yesterday, but failure to agree on the one-man operation of trains with

the guards' union, the National Union of Railwaymen, has caused indefinite postponement.

● Local officials of the NUR and the Amalgamated Union of Engineering Workers at British Rail workshops in York and Crewe have agreed to black machinery due to be transferred to the two workshops from Shildon works in County Durham. Shildon and Horwich, in Greater Manchester, are threatened with closure under BR plans to slim down its engineering section.

## AMCA International builds behemoths to turn garbage into golf courses.

## AMCA International builds giant profits, too.

What weighs 40 tons, towers 14 feet high and has 180 replaceable teeth that turn mountains into molehills?

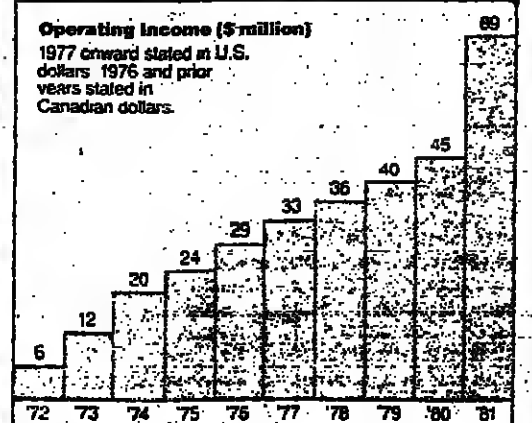
The K-701 refuse compactor, made by AMCA International's BOMAG Compaction Unit.

The K-701 is a giant solution to a giant and expanding problem: how to dispose of refuse in an environmentally sound, financially reasonable way.

Compacting costs far less than burning or recycling refuse. So thrifty communities around the world rely on landfilling and find BOMAG's refuse compaction machines do a superior compaction job. The K-701 concentrates 3,000 pounds of pressure per square inch as each tooth on each of its four wheels is brought to bear. (Compare this with 10-12 pounds psi for commonly-used crawler tractors.) Better compaction extends site life by nearly 50 percent, effectively eliminates fire and rodent problems, and makes it practical to transform finished landfill into parks, ski areas, golf courses.

Another record year: AMCA International closed 1981 with revenues up 48 percent (\$1.6 billion) and operating income up 52 percent (\$69 million), setting new highs for the fourteen consecutive years. And we increased dividends 20 percent to \$1.00—continuing an unbroken record of yearly dividend payments since 1912. Success secret: All AMCA International products and services use the metal technologies we know best. All are related. All enjoy strong market shares in diverse industries—in over 100 countries. Write for our latest financial report: Dept. FT, AMCA International Limited, 1155 Dorchester Blvd. West, Montreal, Que. H3B 4C7.

AMCA International, formed 100 years ago as Dominion Bridge, is traded on the Toronto and Montreal exchanges. Listing: AMCA Int.



**AMCA INTERNATIONAL**  
We're not your average growth company.

BOMAG compaction units work worldwide, including such diverse places as Liechtenstein, Jamaica and (above) Milwaukee, Wisconsin.



## UK NEWS - PARLIAMENT and POLITICS

Labour attacks  
Tory lead on  
new technology

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT was criticised in the Commons last night by Mr John Garrett, a Labour industry spokesman, for failing to give industry a proper lead in the development of advanced technology.

Companies, he said, were complaining that this indecision was hampering progress in biotechnology, information technology, robotics, microelectronics and new energy sources. Mr Garrett said one company official had told him that he was despairing in his dealings with the Department of Industry, and that Whitehall officials were totally unfamiliar with new technology.

Mr Garrett criticised the dominance of "Oxbridge classicists" in Government departments who changed their jobs every two and a half years. There were, he said, too many generalists who do nothing about the technologies now in hand.

He criticised the lack of training in advanced technical skills among young people in Britain. There were, he said, no plans to co-ordinate the efforts of the Department of Industry, the Department of Education and Science and the Department of Employment in producing technologists.

The debate on the need to improve job prospects through more rapid development and use of advanced technology, was initiated by Mr Barry Mender-

son (C Fife East), a member of the British Computer Society, who was "spurred on" by a call on the Government to give an increased stimulus to technologies which would have an essential part in industrial and commercial regeneration.

Mr Kenneth Carlisle (C, Lincoln) said the Government, through the management of the economy, had to provide the correct framework in which the new technology could develop. Mr Tam Dabell (Lab, West Lothian) asked when the Government was going to give its response to the detailed recommendations in the report of the Lords select committee on science and technology.

Mr John Butcher, Under Secretary for Industry, and one of the ministers with responsibility for new technology, said the silicon chip presented Britain with the opportunity to recapture the market in adding value to imported materials and re-exporting them at a profit.

He argued that the advanced technology field was not suitable for an overall government strategy with a capital "S" in the way Mr Garrett had described.

New industries, such as computer peripherals and fibre optics, which were already becoming part of our industrial scene, had to be encouraged. There also had to be re-training.

Lawson gives assurances  
on N. Sea licensing plan

BY IVOR OWEN

MAJOR OIL COMPANIES will gain advantage from the Government's decision to auction production licences for prime North Sea sites, Labour MPs protested in the Commons yesterday.

Mr Nigel Lawson, the Energy Secretary, stressed that only a minority of the 85 blocks which will be on offer in the eighth licensing round—expected to start in the autumn—will be up for auction.

The assurance failed to satisfy Mr Ted Rowlands, a Labour energy spokesman, who argued that the big multinationals would be able to brush aside the small independent British companies and ensure that they secured the best blocks.

Earlier, Mr Lawson conceded that in the present economic climate some smaller companies might have difficulty in raising the funds needed to participate in the new licensing round. Nevertheless, he told Mr Hugh Dykes (Con, Harrow East) that he hoped there would be a "fair scattering of licences granted to small companies."

Auctions would be used for a small selection of blocks in the mature oil province of central North Sea—the first time this allocation method had been used since the fourth round, 10 years ago.

But the majority of blocks, said Mr Lawson, would be allocated on the same discretionary basis used in earlier rounds, and he hoped this would balance the interests of the larger and smaller companies.

Mr Ian Wrigglesworth (SDP, Thornaby) warned that there was a danger that some of the marginal North Sea fields would not be exploited, and suggested that, in the absence of a good response to the eighth licensing round, the Government should review the incidence of taxation on the industry.

The problem of marginal fields was also taken up by Mr John Hannam (C, Exeter), who said their position was affected by a combination of lower oil prices, higher taxation levels, and increased development costs.

Mr Hamish Gray, Minister of State for Energy, replied that the postponement of certain developments in the North Sea in recent months had been due more to technical problems and weak oil prices than the tax regime.

He accepted that the oil companies had always included tax in giving their reasons for any postponement: "That is natural, when they wish to focus attention on the problem that they have with tax."

Outside chairman likely  
for generating industry

BY IVOR OWEN

MR NIGEL LAWSON, the Energy Secretary, indicated in the Commons yesterday that the new chairman of the Central Electricity Generating Board is likely to come from "outside the industry."

He contended that such an appointment would bring a "fresh impetus" to making the industry more efficient for the benefit of both industrial and domestic consumers.

Mr Lawson denied that Mr Glyn England had been dismissed from the £45,000 a year post, insisting that he had not been asked to serve for a further period because it was "time for a change."

To cheers from the Labour benches Mr Merlyn Rees, shadow Energy Minister, protested that Mr England's departure had been "rather offensively handled."

He warned: "Other people who may be attracted to the public service may draw back given the way this has been dealt with."

Mr Rees called for an assurance that in looking for someone outside the industry to succeed Mr England the minister was not thinking in terms of "a narrow political appointment."

Mr Lawson retorted that the new chairman would be "the best man for the job."

Mr Arthur Palmer (Lab, Bristol North East) described Mr England as an eminent engineer who probably knows more about the business of public electricity supply than all the rest of the politicians put together.

He said there was resentment throughout the electricity supply industry over Mr England's virtual dismissal, which he believed was due to the fact that he had dared to oppose the doctrinaire policies of the present government.

Mr Tim Eggar (Con, Enfield North) urged that in future the chairman of the CEBG, and all other chairmen of nationalised industries, should be required to submit their resignations whenever there was a change of government.

Mr Marsh told the committee he thought the immunity clause was "undesirable." He and others in Lloyd's were worried that the council might be put above the law.

Mr Marsh, whose company specialises in errors and omissions insurance business, said he believed it would be possible to place within the market a £100m errors and omissions insurance policy for the Lloyd's council.

He dismissed suggestions that the terms of such a policy might be too restrictive to provide the council with adequate protection.

"Where there is a will there is a way," said Mr Marsh. If the council enthusiastically supported a programme of insurance then underwriters would come to terms which were mutually agreeable, he added.

Cross-examined by legal counsel for Lloyd's about the extent to which he had made representations to Lloyd's about his objections to the immunity clause, Mr Marsh said: "Many of us in Lloyd's, frankly, have not woken up to the implications of the Bill until comparatively recently."

Cautious  
ECGD  
reports  
good year

By Paul Cheswright

THE FINANCIAL position of the Export Credits Guarantee Department (ECGD) has substantially improved during the last year, but this may prove to be a false dawn, Mr Kenneth Taylor, ECGD Secretary, told the Public Accounts Committee of the Commons yesterday.

Provisional estimates for the year to March 1982 show that the ECGD had a surplus on its commercial and national interest export insurance accounts of £178m, he said.

In the previous year the surplus was £5m. The most marked change in the department's position has come on its commercial account, which mainly covers short-term insurance business. The 1980-81 loss of £46m has been turned into a provisional surplus of £44m.

On the national interest account—mainly covering long-term credit but including arms sales—the surplus in the last financial year was provisionally put at £134m, compared with £55m in 1980-81.

But Mr Taylor was cautious in his presentation to the committee. "We would regard the future as just as dangerous as the recent past."

The main areas of concern were Poland, Argentina and Nigeria. The ECGD has business at risk worth about £1bn in Poland, £280m in Argentina and £2.3bn in Nigeria.

Claims from unpaid exporters dealing in these markets are widely expected to increase. The latest accounts show that only £450m is readily available from the consolidated fund to meet such claims.

In recent years, the ECGD's reserves have been run down meeting claims from exporters hurt by the deterioration in the financial position of countries such as Iran, Turkey, Sudan and Zaire.

However, it seems likely that most claims from these markets have now been met, and that the department is feeling the financial benefits of higher premium charges and a more restrictive attitude to meeting claims.

New powers to  
clamp down  
on pop festivals

TOWN HALLS are to get new powers to clamp down on pop festivals. But the powers, added to the Local Government Miscellaneous Provisions Bill in the Lords, fall short of giving councils the right to ban festivals simply because they do not approve of them.

For the Government, Lord Elton said that in response to the feeling of years it was thought that some control was necessary to ensure pop festivals were conducted in a reasonable and sensible manner. But the Government did not want something necessarily harsh or restrictive to be done.

Lord Elton said the controls would be the minimum compatible with the needs and size of each local authority. "We do not think it right for a council to be able to say simply: 'We do not like pop festivals so we shall not license them.'"

The amendments to the Bill will mean district councils can pass resolutions adopting the new powers. One month must pass between passing a resolution and the powers coming into force.

Conditions attached to the powers give the councils authority to prevent festivals being held only if public safety and public hygiene would not be secured, if there would not be adequate access for emergency vehicles, or if there would be unreasonable noise disturbance.

Richmond Tories  
keep control

Richmond-upon-Thames is to stay under Conservative control using the casting vote of the new mayor, Mr June Robinson. The council now comprises 26 Conservatives, 24 Liberals and two SDP councillors.

## Parliamentary broadcasting a success, says Speaker

BY PETER RIDDELL, POLITICAL EDITOR

STRONG SUPPORT for broadcasting of parliamentary proceedings and implicit backing for televising them came last night from Mr George Thomas, the Speaker of the House of Commons.

In the first Hansard Society lecture, broadcast last night on BBC 2, Mr Thomas gave some unusually forthright comments for the traditionally impartial Speaker on authoritarian threats to parliamentary democracy and on the need for MPs to be independent and not to be mandated delegates.

Mr Thomas has already announced that he is not seeking re-election at the end of this parliament, but he gave no hints last night of when he might retire as Speaker. The general expectation at Westminster is that he will probably go next winter.

Mr Thomas, who has become very well known since radio broadcasting started in the late 1970s, said he was "convinced

that the broadcasting of parliamentary proceedings has been justified by the results."

While conceding that the dignity of proceedings had not been enhanced, he said the public was now much more aware of what was being said in its name.

Mr Thomas said he did not expect televised debates in the life of this parliament. But "television is such a powerful part of the media that I have no doubt at all that the clamour for televising parliamentary proceedings will continue."

Mr Thomas said that as Speaker he was "precluded from giving my opinion, but I can get very close to it. I can indicate what I know is in the minds of my colleagues, and all that I can say to you is this: I believe that the issue of televising proceedings will not go away."

Mr Thomas said there was no doubt that both BBC and the independent companies had

gained "much experience in using recorded material, thus ensuring that the nightly news bulletins on radio and television are much more exciting and lively because the actual voice of the members addressing the House is heard."

Quotations from the speeches of the Prime Minister, the Leader of the Opposition and others add to the liveliness of the news bulletins.

Mr Thomas claimed that the recent debates on the Falklands crisis had had "an enormous audience throughout this land. There are millions of our fellow-citizens who are better informed on the crisis because our proceedings have been broadcast than they otherwise would have been."

He claimed that the nation had rarely been more interested in the proceedings of Parliament than today.

The issue of televising debates has always been highly controversial within Parliament.

In his lecture, Mr Thomas had a warning to people on the Left wing who have been challenging parliament, although he did not mention them specifically.

The Speaker said: "Parliamentary democracy would suffer grievous change if members were simply mandated delegates on every issue that comes before the House." He said parliamentary democracy would be safe "only as long as MPs are, within the Chamber of the Commons, responsible above all to their own consciences."

Mr Thomas also made it clear that he was worried about "the abundant evidence that in our society at large today there are people who do not believe in our parliamentary democracy or in free speech."

He said parliamentary democracy would be safe "only if we are aware of the dangers posed by the authoritarianism in



Speaker Thomas: "News bulletins more exciting and lively..."

our midst: they are the people who use the language of democracy to destroy democracy."

## Beaconsfield campaign dominated by Falklands factor

BY ELMOR GOODMAN, POLITICAL CORRESPONDENT

THE BEACONSFIELD by-election approached its midpoint yesterday with the Liberal and Labour candidates still struggling to find a way of dealing with the "Falklands factor" which looks like giving the Tories victory on a scale almost unprecedented at this stage of a government's life.

After a week in which the Falklands has dominated the campaign to the exclusion of virtually all other issues, Mr Paul Tyler, the Liberal candidate, yesterday bowed to the inevitable and met the Tories on their own ground. In an attack on the Falklands issue he claimed there is a Cabinet split between the Prime Minister and Mr Francis Pym, the Foreign Secretary.

Mr Pym, he declared, was his "number one hero" who deserved support for the way he was battling to restrain his colleagues from an immediate invasion. Mrs Thatcher, on the other hand, needed to "learn to distinguish between patriotism and jingoism."

The Liberals, whose habitual optimism has been visibly ebbing as the campaign has proceeded, acknowledged yesterday that their own canvassing bore out the opinion polls showing the Tories well ahead and the Alliance second.

Mr Richard Holme, the former Liberal chairman who is advising Mr Tyler, said the Tories had benefited from the Falklands to a "quite extraordinary degree."

Nevertheless, he claimed that the poll published in Sunday's Observer, contained some encouragement for the Liberals in that it underlined the degree to which Conservative support depended on events continuing to go Britain's way in the South Atlantic.

Both Mr Tyler and the Labour candidate, Mr Tony Blair, have from the start supported the Government's decision to use the task force to back up the diplomatic search for a solution.

But the only party that so far seems to be getting any

political mileage out of the crisis is the Tories. Nevertheless, Mr Tyler claimed yesterday to have detected an increasing apprehension among the electorate that the Government might be paying too much attention to the "armchair admirals playing their little war games" with other people's sons.

The position has been made even more difficult for the Tories' opponents in Beaconsfield in that any criticism of the Government could expose them to charges of being unpatriotic.

Last night, however, Mr Roy Jenkins, a member of the SDP's Gang of Four, warned the Government against using the dispute for party political ends.

For the last week, Mr Tyler and Mr Blair have been trying, without much success, to focus attention on domestic issues like unemployment and inflation.

Yesterday, Mr Blair turned his attention to the one live local issue—the filling of gravel pits with industrial waste. So far

as any issue was allowed to intrude on the Falklands Islands, he said, it was the question of gravel extraction, and he challenged the Tory candidate, Mr Tim Smith, to make his position clear on the subject.

Meanwhile, Mr Tom McNally, the SDP MP for South Stockport, who was at yesterday's Liberal press conference as a "living symbol" of the Social Democrats' support for Mr Tyler, tried to focus attention on cutbacks in education.

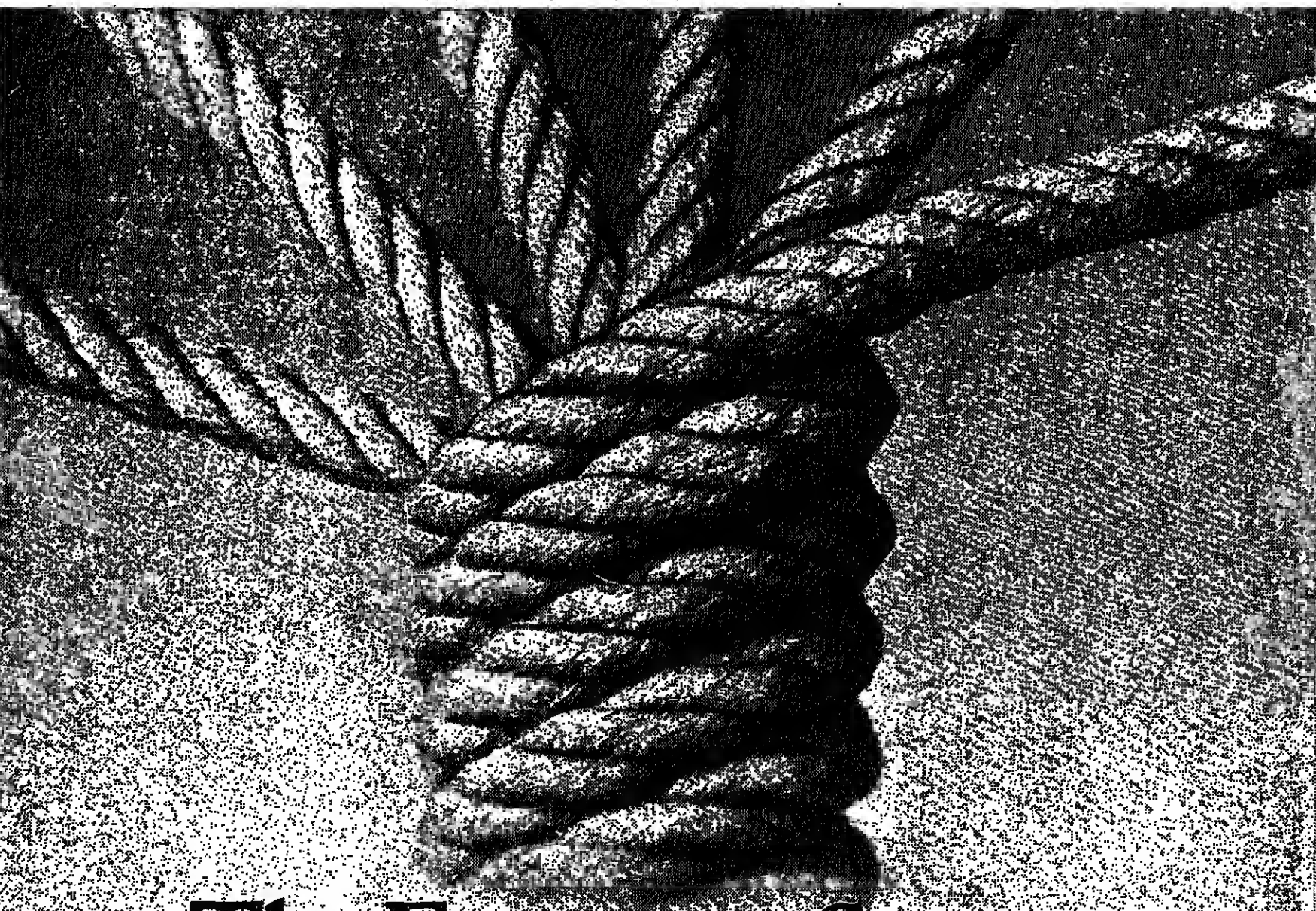
The problems of the economy, he said, would still be around. "Like the empty bottles and dirty ashtrays after a party" long after the Falkland Islands dispute was over.

The Conservatives are defending a majority of 21,495. Mr Smith has at his daily press conferences duly gone through the spectrum of issues like unemployment and inflation, but he has not been above making calls on patriotism. Yesterday, he warned that the by-election was being observed abroad as well as at home.



Paul Tyler: attack on armchair admirals

Mr William Whitelaw, the Home Secretary, speaking in support of Mr Smith last night, said he hoped the Falklands crisis was not the only factor "holding sway" in the minds of the Beaconsfield electorate.

The European Source  
for Multimarket Finance

UNICO BANKING GROUP is one of the world's largest banking groups. With combined assets of some US \$360 billion and 36,000 offices, it is a one-stop source for guidance to the multimarket capabilities of the member banks. UNICO BANKING GROUP has at its fingertips. Members are present in key centers around the globe. Moreover, they established the Luxembourg-based UNICO INVESTMENT FUND and UNICO TRADING COMPANY in Vienna, which specializes in East-West Trade.

These six banks are united by a common philosophy rooted in Europe's client-oriented cooperative banking movement. All are among the leading banks in their markets offering financial services at home and abroad. Eurocredits and Euroissues, trade and corporate financing, market information—these are some examples of the vast facilities UNICO BANKING GROUP has at its fingertips. Members are present in key centers around the globe. Moreover, they established the Luxembourg-based UNICO INVESTMENT FUND and UNICO TRADING COMPANY in Vienna, which specializes in East-West Trade.

To find out more, contact one of the partner banks:

- ANDELSBANKEN (Denmark)
- CREDIT AGRICOLE (France)
- DIGBANK DEUTSCHE GENOSSENSCHAFTSBANK (Germany)
- GENOSSENSCHAFTLICHE ZENTRALBANK AG (Austria)
- OKOBANK OSUUSPANKIEN KESKUSPANKKI OY (Finland)
- RABOBANK NEDERLAND (The Netherlands)

or The Standing Secretariat of the UNICO BANKING GROUP  
NL-1012 SJ Amsterdam  
Tel (20) 222252, Tx 15 412 uniconi



UNICO BANKING GROUP



# During the next 48 hours, the first American will land in Britain.

The first American wide-bodied 747, that is. Because, during the next 48 hours, American Airlines will start their new non-stop service between Gatwick and Dallas Fort Worth, five days a week.

Now, although they're new to these shores, American is an airline more than well-known to its countrymen.

In fact, people who fly regularly in America have voted us number-one in four surveys.

Number-one for service. But that's not the only

thing we do best. We're also famous for something else equally important to people visiting the USA.

Choice of internal destinations. Every day, we have 236 flights out of

Dallas to a wider choice of American cities than any other airline.

Fly with us and Dallas becomes America's greatest gateway.

Every day except Monday and Tuesday, the Americans will depart Dallas at 1720 and arrive Gatwick 08.10. And every day except

Tuesday and Wednesday they'll depart Gatwick at 11.00 arriving Dallas at 14.55.

Ask your Travel Agent about the most convenient invasion Britain ever had.

**NON-STOP**

**DALLAS**

**GATWICK**



**Nobody does it like an American**



by WILLIAM PACKER



## TECHNOLOGY

EDITED BY ALAN CANE

## An open line to all computers—worldwide

BY ALAN CANE

Telecommunications authorities world-wide come in for their share of stick, but every telephone subscriber is able, with a few special exceptions, to dial any other subscriber.

This is only because the PTTs (Post, Office, Telegraph and Telecommunications authorities) agreed, early in the game, on standard signalling systems. Now look at the position in data processing. Computers have been used by business and government for more than 30 years. data communications technology has reached a high level of sophistication (pictures from Saturn, millions of dollars trundled daily around banking networks) yet most large computers can be made to communicate with each other only with great difficulty.

The reasons are partly technical — each manufacturer has its own preferred way of handling information in its machines — and partly commercial. It used to be seen as a definite advantage to "lock" a customer into a single supplier by ensuring that foreign equipment could not easily be added on.

## Watchword

Companies have won acclaim — ICL at the European Space Centre in Darmstadt is a good example — for their ability to hook up different sorts of device into a communicating network.

Now "open systems interconnection" is the watchword — that is, "the concept of using standardised procedures for the exchange of information among

terminals, computers, people, networks and so on which are accessible to one another for this purpose by their mutual use of these procedures," as Mr Kirk Gee, a National Computing Centre expert puts it.

The way in which the various manufacturers are responding to the challenge of open systems interconnection illustrates, dramatically, the changing nature of the computer business.

There is, as yet, no common standard but there is a reference model designed by a technical subcommittee of the International Standards Organisation. All the major manufacturers, IBM, Burroughs, Univac, DEC, NCR, ICL and so on are represented on the ISO committee and have contributed to the design of the reference model.

Mr Gee points out in a special

paper prepared for the NCC and calling for speedy decision making: "If the ISO reference model can reach a stable form quickly enough, it will form the basis of computer manufacturer's future architectures. This is what the users want. But the key issue is how quickly standards can be agreed for the reference model and for the individual protocols and services."

Inevitably, some manufacturers are already well advanced with their own proprietary networking systems. IBM, for example, has been offering its own Systems Network Architecture (SNA) for several years; Burroughs has Burroughs Network Architecture, DEC offers DECnet.

Those companies — ICL, Honeywell and Cii Honeywell

Bull are the immediate examples — which came late to the market with networking architectures seem to have been able to take advantage of the ISO committee's work.

In the past few weeks, for example, Honeywell has announced the second phase of Distributed Systems Architecture (DSA) which is overtly based on the ISO model.

The first phase of the Honeywell offering was made available in mid-1980 and now has more than 300 customers worldwide running under DSA. The list in Europe includes Johnson Wax, Associated Dairies, House of Fraser and Credito Italiano.

The first made it possible to combine Honeywell large and medium scale computers in the same network and to use the

Honeywell DPS 6 minicomputer as a satellite or terminal concentrator.

It also introduced a small computer, the Dataet 6, designed specifically to run DSA networks.

The new announcement further commits Honeywell and Cii Honeywell Bull to the ISO standard.

Datanet 8 processors can now be used to build private packet switching networks and to interface to most of the world's existing public data networks. These include PSS in the UK, Transpac in France, Tymnet and Telenet in the U.S. and the EEC's Euronet.

That users want to be able easily to mix and match hardware is without doubt — every survey of computer opinion has shown this clearly.

Manufacturers, too, see advantage in common standards which will make selling across national boundaries easier. The European Computer Manufacturers' Association (ECMA) has, indeed, taken a lead in agreeing interconnection standards.

Mr Gee of the NCC believes that most manufacturers are already working towards the ISO model. Honeywell and ICL may be the only two to have set out originally to comply with the model but the modifications needed to convert SNA, for example, to the ISO concept are not great.

The datacommunication specialist's dream of an electronic village where every computer can talk to every other is already well within the bounds of possibility.

Lovell

for Development

## Electronic mail to cut telex cost

AN ELECTRONIC mail system which is claimed to reduce the cost of telexes has been developed by Telepost in conjunction with Positron Computers.

The concept of the equipment is similar to that of a telephone answering machine except that messages are displayed on a screen or printed out.

Positron says that the system is able to maintain low cost because it uses a decentralised mailbox system where messages are stored at the destination terminal rather than needing to call up a central point for message collection.

The system can also link with public and private viewdata systems as well as telex and Telenet. British Telecom's new "super-telex" service.

At the moment the system is intended for original equipment manufacturers to add in word processors and microcomputers, but it will eventually be available as a stand alone unit. More information on 09252 25828.

## Portable terminal

TECHNICAL DESIGNS of Biggleswade is now offering the Transform One portable terminal, measuring 12 x 7 x 2 ins, in the UK.

At a price of about £350, the unit is expected to find applications in data entry and retrieval around the factory floor, in the office and in retail operations. It can be used flat on the desk or can be wall mounted and is provided with a rugged casing.

An aid to data entry is a 64 character two-line alphanumeric display in liquid crystal.

The terminal communicates in full duplex using a V24/RS232C serial interface although RS422 or 20-milliamp-current loop is also available. Communications rates from 110 to 9600 bits/sec are selectable. More on 0767 312470.

## Italian maker set for the electronic battle

BY ELAINE WILLIAMS

SGS-Ates, the Italian semiconductor maker, has armed itself with the technology to do battle against the world's major electronics groups.

It is now developing silicon chips using the advanced complementary metal oxide (CMOS) process it acquired recently from Toshiba, one of the leading Japanese manufacturers.

CMOS silicon chips, which consume little power and can run off low voltages, have applications which range from digital watches, remote controls for televisions to telecommunications and computers.

This technology linked to its existing expertise in other areas of electronic components complete SGS's manufacturing process gap.

Mr Pasquale Pistorio, who became head of the loss-making company two years ago, aims to make SGS — part of the

government controlled IRI group — a major European force in electronics.

Next year, he says, the company will make a profit, after cost trimming, staff reduction and product rationalisation.

About \$450m is being spent over the next few years on new factories and equipment worldwide.

At present, the company invests about 15 per cent of total sales on research and development.

Development work is carried out at its largest plant in Agrate, Milan for MOS products. Castelletto near Milan for bipolar devices and Catania, Sicily for power devices.

This year SGS adds two design centres in Phoenix, Arizona and Munich, West Germany to develop devices for specific local needs.

In some areas, SGS says that it already produces "state of the

art" devices. For example, in power electronics and linear bipolar circuits.

These are used in the industrial and consumer field for audio amplifiers and driving electric motors. New products will break the 200W barrier.

Several of the older technologies, however, have already been dropped as part of its rationalisation process. Mr Piero Martinotti, director of the MOS division, said that this was coupled with strengthening its position in the more advanced MOS technologies.

The Toshiba agreement will give SGS the ability to produce CMOS circuits which have individual logic gate sizes of 3.5 microns and 2.5 microns.

Mr Martinotti said that samples of silicon gate CMOS devices will be available before the end of the year with the 3.5 micron gate width.

Dr Raimondo Palleto, joint general manager, explained:

"We want to maintain a broad range of products but we cannot dedicate a continuous research effort in all areas of design."

"Therefore we identified CMOS as an area we needed to concentrate on. We needed to develop CMOS quickly so we sought a partner with the best technology."

Dr Palleto said: "It is important for us to acquire the technology without sacrificing our own research resources." He says that the open-ended agreement with Toshiba achieves this end.

In fact, it will be possible for Toshiba to buy new circuits developed by SGS using its newly acquired CMOS technology if the Japanese company so wishes to complement its existing product line.

So, armed with Toshiba's CMOS technology and its own advanced NMOS line, Mr Martinotti says that it can now plan

its product strategy.

With the new CMOS technology, which has the main advantage that it consumes small power and can be used for portable electronic equipment, SGS will make a concerted effort in five product areas.

In CMOS it will initially make static random access memories which are used in a variety of industrial and computer applications, as a test for the process, and to iron out production problems.

With this experience gained, Mr Martinotti said that the company will make Toshiba's standard CMOS logic products, but also develop dedicated integrated circuits for the telecommunications markets, and consumer electronics, which require low power consumption.

As well as producing a general purpose microcomputer in CMOS from 1983, SGS also has

SGS-ATES has four main product groupings: small signal and power discrete, bipolar integrated circuits, MOS integrated circuits and small systems.

BIPOLAR ICs	MOS	DISCRETES	SYSTEMS
Linear ICs	Microprocessors	Power trans.	Development systems
Digital Bipolar families	CMOS	Small signal transistors	Microcomputer educational systems
Custom	Dedicated MOS	Special assemblies	OEM microcomputer boards
	Memories		
	Custom		

its eye on the semi-custom market such as gate arrays.

These are circuits in which all but the final stage of manufacture is the same for all circuits.

The final stage, specified by the customer determines how the circuit will operate. This means that for low to medium volume applications, using semi-custom circuits is cheaper than developing a special circuit for a particular application. SGS already has a product

licence to manufacture the Z80 microprocessor which was designed by Zilog, a leading U.S. microprocessor company which is made in its NMOS technology.

Mr Palleto explained that the Italian Government is also about to implement a L500bn national electronics programme from which SGS hopes to benefit. This programme dedicates nearly half of the funds to very large scale integrated circuits.

## Japanese shadowmask tube

INTRODUCED INTO the UK by Impression of Horsham (0470 50111) is a high definition shadowmask colour tube made in Japan by NEC, the 370MK32.

The tube employs an ultra-fine shadowmask with only 0.2mm pitch — about two-thirds that of many currently available

fine definition tubes. It is claimed, and one-third of that used for domestic TV tubes.

As a result, the new tube is able to display up to 6500 alphanumeric characters on its 14 inch screen. The new masks are the product of recent advances in precision optical exposure and etching technology.

In make sure users get the best from the tubes, NEC has improved convergence performance (the coincidence of the three colours) to keep the resolution as high as possible.

The horizontal resolution has been improved from about 700 pixels in more than 1100 pixels.

## Generator

A HAND-HELD video colour pattern generator to help with the production, installation and service of monitors and video displays is available from House of Instruments in Saffron Walden.

The RGB-11 has eight basic patterns and is battery operated giving four hours use between recharges. More information on 0799 24922.

## High-speed ticket terminal

A HIGH-SPEED ticket issuing terminal with keyboard, single line display and built-in matrix printer has been introduced by Control Systems of Usbridge (0895 51255).

The ticket appears in about one second after keyboarding and, particularly if the unit is used in conjunction with a

change-giving device, customer queuing can be kept to a minimum.

Known as the AM-3, the machine has a microprocessor, a memory and software that can be written in suit each operator's needs. It can tally roll at the touch of a button. Cash collected can be reconciled

against the aggregation of transaction values held in memory.

Use of the machine is simple. Having signed on with a personal code the operator can issue the 20 most popular tickets by pressing only one or two keys, the data to be printed on the ticket appearing on the display.

## Océ CUT THE COMPETITION DOWN TO SIZE

Reduce your costs as well as originals with the European Océ 1900 copier.

I took extensive research and the flair of a major European company to produce our remarkable range of plain paper copiers. Copiers that are engineered to save you time and money by providing high quality copies without fuss, quickly and economically. Copiers that work well — and go on working well.

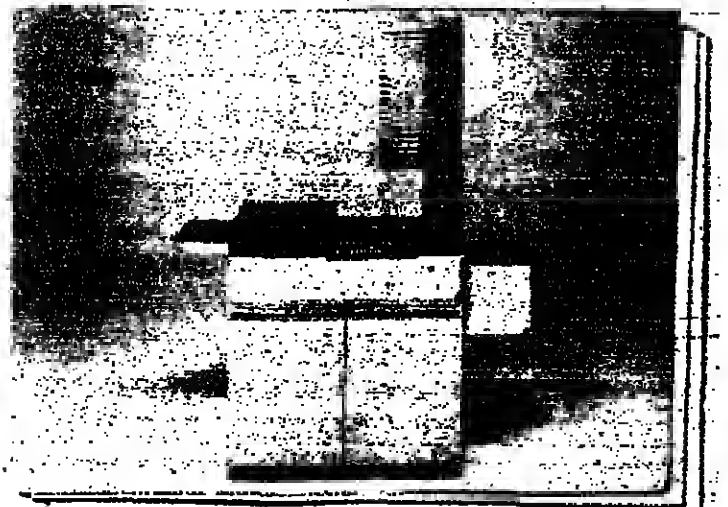
Take the Océ 1900 series for example. There's a document feeder that can automatically reduce A3 originals to A4 without slowing up the flow of other originals.

There's a unique flash belt for constant high quality copies. And you can copy on to a vast range of different materials, from 50gsm to 200gsm. You don't even add toner, we do that for you. These are just some of the features of this amazing copier.

There are many more Océ plain paper copiers — a choice of 18 models designed for virtually all copying needs. Call us on 01-502 1851 to find out more about them. Then we can show you how we cut the competition — and your costs — down to size.

Océ Copiers UK Limited, Langston Road, Loughton, Essex IG10 3TH. Telephone 01-502 1851. Telex 8955851.

océ



This is an original drawing of a Sumo wrestler made by a Japanese artist.



This is a 50 per cent reduced copy made by an Océ 1900 copier.







# THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

WHAT HAPPENS TO NEW COMPANIES: BY TIM DICKSON

## An enterprising course for beginners

"BE YOUR OWN BOSS." Is a theme that has spawned courses, seminars and television series at almost a daily rate. The message to start a new business is no longer being preached just from the political pulpit.

Statistical evidence is misleading, but what figures there are add weight to the great body of anecdotal evidence which suggests that more people than ever are taking up the challenge of developing their own business.

One training programme for potential and practising small businessmen is the London Enterprise Programme Week-end Course, sponsored by the Greater London Council Industrial Centre and the London Enterprise Agency, in association with the Polytechnic of Central London.

Two participants in the programme are Matthew Hypolite and Eileen Walsh. Hypolite is starting from scratch with a specialist book publishing business while

Walsh, with comparatively limited business experience, has recently taken over an agency supplying baby-sitters and domestic cleaners.

Over the next few months, as the course continues, their progress will be followed on this page, with reports on how their expectations match up against what has happened in practice.

Both have been through a preliminary screening for the course, which has cost each £150.

LAST November Eileen Walsh plunged her savings into three specialist agencies — London Domestic, Baby-sitters Unlimited and Nannies Unlimited. In so doing, she found herself responsible for about 200 baby-sitters, 60 domestic cleaners — half of them men — and 40 or so nannies. Her previous experience is in secretarial work, social work, and helping to run a small estate agency.

While all three of her new operations were well established when she took over in November, the last seven months have been Walsh's own first real taste of running a business.

Client lists and goodwill have given her an immediate presence in the market, but the task ahead is to improve efficiency (this had slipped under the previous proprietor) and significantly expand the activities of the agency.

"On present turnover I am working very hard for peanuts. I've always wanted to work for myself but at the same time I intend to make a decent living."

The main objectives she has set herself are to increase baby-sitting and domestic cleaning sessions by 60 to 70 per cent a week and triple the number of nannies placed with clients. She also hopes to place domestic

cleaners on a permanent basis and, if this takes off, employ an extra member of staff; at the moment there is one other full-time employee.

"At this stage," she says, "the most immediate need is to gain greater expertise in marketing a small service business." Domestic and baby-sitters on her books are in good supply but the problem is finding nannies to meet the demand although she has made contacts with London and Home Counties colleges which run the Nursery Nurse Examination Board course.

"The main difficulty is finding enough time in the day to deal with marketing while continuing to deal with the day to day enquiries, hiccups, etc.," says Walsh.

Much of the first few weeks were spent putting the office straight and in particular sorting out the records. Over this early period, she has begun to realise "how little I know" about the rules and regulations of the employment business.

"I'm hoping that the course will point me to the right reading material on these subjects."

Tax is another area where she hopes to improve her knowledge. A friend and adviser Ivan

Idelson, who is company secretary, has also been a great help through the early days but he is now closely involved with his own business and will in future have less time to devote to the agencies.

Walsh sensibly worked for a couple of weeks with the previous owner "to see if I could really spend all day in the office. You've got to be resilient and have a sense of humour," she says. Nevertheless the sacrifices she has made have been greater than anticipated. "I had been learning the flute and learning how to play bridge and these hobbies have both had to take a back seat," she says with a touch of regret.

### An ambition to fill a cultural gap

MATTHEW HYPOLITE'S business idea is based on what, as a father, he feels is an important gap in pre-school education. Through his fledgling Armadillo Publications he hopes next year to place on the market books for West Indian children living in Britain which will help explain their history, cultural environment and parents' home-



ABOVE: Matthew Hypolite, whose Armadillo Books are aimed at West Indian children up to 6; LEFT: Eileen Walsh (right) of Baby-sitters Unlimited, with daily nanny, Kate Downey and her 8-month-old charge

land. "West Indian parents," he says, "are alarmed that there is so little material which presents the black child positively. It is a great shock to many kids when entering school at five or under to have their colour pointed out in a sometimes hurtful way."

If, on the other hand, they could see themselves portrayed in a predominant and would be able to combat some of the angry and possibly negative feelings which they harbour."

Although Hypolite's motives are primarily social — not, he emphasises, political — his intention is to build a sound, profitable publishing business which can stand on its own feet. "We are not looking for free

handouts," he says. "We would even be prepared to pay back any grants if necessary."

Hypolite is in little doubt about the potential demand for Armadillo Books, particularly in areas of high black population which he has identified. His business plan, for example, cites a number of authoritative statements drawing attention to the shortage of this sort of material and includes the favourable results of a questionnaire carried out among teachers. Libraries and schools are expected to provide outlets as well as shops.

Hypolite's biggest problem at this stage is money to get the venture going. He and his sister, Teresa Williams, who will be the other manager, have virtually no savings of their

own and are thus seeking support for their plans from the Greater London Council and Hammersmith and Fulham Council in West London. (The latter is expected to help meet some pre-production marketing expenses.)

Start-up costs are estimated at about £25,000 though working capital requirements in the first year will be more like £75,000.

Armadillo's strategy will be to produce readers initially for three different age groups (0-2; 2-4; and 4-6), and to complement those aimed at the two older categories with regular workbooks. "Coupled with a vigorous advertising campaign these should impress upon the public the need to use the books regularly with their children," says Hypolite. "They will have to be carefully priced."

The objective is to produce one new title for each age

group every two months, for a total run of 25,000 copies. In-house activities will be writing, illustrating, designing, paste up and marketing with printing sub-contracted to an outside company.

Hypolite's market research suggests, on best assumptions, that there could be about 9,500 different outlets, at worst 850. The "most likely" number is around 2,500.

Hypolite, a freelance graphic designer, feels he has the necessary organisational, technical and intellectual "skill" to run the business; while his sister's administrative experience will be "a tremendous asset."

"There is a vast amount of creative ability in the writing, illustrating, and designing field that has not been tapped within the West Indian community simply because there is so little in the way of suitable businesses," he says.

### In brief...

A FILM just produced by the Industry/Education Unit at the Department of Industry should be of interest to caterers and other teachers interested in what happens to their charges after they leave the classroom for good.

The unit comes under the ambit of John MacGregor, Industry Minister, with responsibility for small firms, so it is not surprising that its latest offering is entitled "Self-starters — working for yourself."

"The more I do my job the more I think that changing fundamental social attitudes is the key to encouraging new businesses," says MacGregor. "Children's minds are open and receptive and can produce good ideas and inspired solutions."

The film consists of a series of six interviews with young entrepreneurs whose occupations have clearly been chosen with 13 to 16-year-olds in mind — a tree surgeon, an engaging carpet fitter and a hot-baked potato street vendor, for example.

The film's message is that working for yourself is challenging and fun, that failure is not final, and that identifying a real market need is a vital pre-requisite.

Although there are some references to the obstacles of starting up, the experiences of one or two of the businesses are seen through a rose-tinted lens.

Films or video cassettes can be obtained free from the Central Film Library, Chalfont Grove, Gerrards Cross, Bucks SL9 8TN. Tel: 02407-4111.

STILL on the subject of visual aids, Dr Sue Birley of the London Business School has just completed (with financial backing from the Industrial and Commercial Finance Corporation) six filmed case studies of entrepreneurs and the businesses they formed.

The individuals involved come from a wide range of backgrounds and industries, talk candidly about their motivation, the decisions they took and (in retrospect) their mistakes.

Copies of the film ("New Enterprises") and a book of 16 case studies (same title, also by Sue Birley) will be obtainable from early July from Croom Helm, 2-10 St John's Road, London SW11. Tel: 01-228 9343. Prices £100 and £13.95 (£7.95 paperback) respectively.

### A question of what is really meant by 'failure'

IS there too much gloom about the rate of small business mortality?

The answer, according to John Martin, assistant manager of Barclays Bank's corporate business department, would appear to be "yes."

Martin takes issue with those who blandly assert that 50 to 75 per cent of all new businesses fail in their first couple of years.

Part of the problem, he says,

is the casual use of the word "failure."

"Very few statistical sources distinguish between enterprises which discontinue as a result of insolvency and those which cease for other reasons," he says in an article in the Bankers' Magazine.

"Many firms in the small business sector which 'fail' do so for reasons quite unrelated to financial failure; they could be taken over, for instance, and there is evidence

to suggest that only a small proportion of terminated businesses actually involve insolvency."

Martin explains that the main sources of statistics on UK companies are the 12 key businesses registered for VAT in the UK and the 800,000 or so registered companies. But he points out: "Segmented data on the age or size of new and failed companies is not collected and therefore any assessment of

life expectancy is impossible." Conclusions are even more difficult to reach for smaller unincorporated businesses, he adds.

The fact is that no one really knows the position and Martin's guarded optimism is based on evidence as thin as that of those he criticises.

It does seem that some of the pessimism is imported (misleadingly) from the United States. Martin suggests that figures published

by Dun and Bradstreet — showing that half the businesses which fail do so in the first five years — are often misquoted to imply that half of all new businesses (not the same thing) fail in years one to five.

On the other hand, a study published recently in the U.S. concluded that over a 70-year period only 53 per cent of manufacturing establishments survived more than three years.

The game can be played endlessly with different sets of figures. The Industrial and Commercial Finance Corporation (ICFC), for example, reckons that one in three of the new businesses which it backs ultimately fail. One has to assume that, given ICFC's proven experience in picking winners, the general picture in the UK must be considerably more gloomy.

Ignorance of the true position highlights the urgent need for more research.

## A management buy-out?

Seeking long-term capital for expansion?

If yours is a profitable operation and you need long-term capital to fund a buy-out from your parent company — or for any other reason — Gresham Trust could provide the necessary finance.

Naturally you'll want the finance packaged in the way that best suits your needs. But how can you be sure you've got it if you haven't found out what Gresham can offer?

Gresham Trust plc, Barrington House, Gresham Street, London EC2V 7HE. Tel: 01-606 6474.

## Gresham Trust

The competitive alternative for long-term capital

### STAY AT THE OFFICE 24 HOURS A DAY!

with a telephone answering machine



Don't miss important calls, install a PO answered machine. It's the world's largest electronic company. Answer it all — the revolutionary microprocessor-based Answerphone machine. For brochure or demonstration, contact: MANCHESTER TEL: (061) 236 8931 NOTTINGHAM TEL: (0602) 57745 CHESTERMAN TEL: (0242) 33121 LONDON TEL: (01) 891 3321

### A SMALL COMPANY

£1.5 million sales manufacturing electric motors with interesting product development programme requires finance. Write Box F 3201, Financial Times 10 Cannon Street, London EC4P 4BY

## Commercial Woodlands

Kincardineshire, East Scotland

1200 acres of attractive woodlands (50% spruce). Good range of age classes with half over 25 years old and partly in production with one lot approaching clear felling.

To be sold as a whole as a substantial forestry investment or in 15 lots offering a wide range of opportunities for private investors.

Particulars from: Estate Management Division (Dept FT), Forestry Commission

231 Corstorphine Road, Edinburgh EH12 7AT Telephone (031) 334 0303 extension 448.

### Forestry Commission

## MERGER/JOINT VENTURE IN PETROCHEMICAL TRADING FIELD

International petrochemical trading corporation with worldwide network seeks merger/joint venture with integrated petrochemical producer or other major industrial or financial concern.

All inquiries will be confidentially handled.

Please write to: Box F 3206, Financial Times 10 Cannon Street, London EC4P 4BY

## novarode

We are happy to announce we made profit in 1981 in a very difficult world market situation. We want to increase dramatically our sales volume in the U.K. and are looking for different dynamic and powerful exclusive agents-stockists for each of our products:

1. Kromekote, white one and two-sided.
2. Kromekote, colours.
3. Interfix, dry-gummed.
4. Millex, pressure-sensitive, in sheets.
5. Millex, pressure-sensitive in rolls.

Companies who are interested and have the financial possibility to invest in stocks sufficient to serve the U.K. market paper merchants and printers should write to Novarode—1640 Rhode—Saint-Genève—BELGIUM.

### Could your Business Benefit from a London Branch?

Many companies have considered the possibility but were dissuaded by the high costs involved. We offer companies an "instant" London Office for £57 a month! Use our office facilities when you are in London and we look after your business when you are away. All manner of commercial transactions undertaken including introduction to hundreds of clients worldwide.

To obtain our brochure telephone Lloyd Adams (01-499 0321) or write Box F 2629, Financial Times, 10 Cannon Street, EC4P 4BY

### SWITZERLAND

WOULD YOU LIKE TO PURCHASE A SUCCESSFUL INDUSTRIAL OR COMMERCIAL COMPANY OR HOTEL? DO YOU WISH TO BE ESTABLISHED IN SWITZERLAND? We are especially qualified in mergers and acquisitions and have an excellent clientele. We wish all inquiries on a strictly confidential basis. Address all replies to: President, GLOBE PLAN SA, Av. Mon-Repos 24, CH-1005 Lausanne Switzerland - Tel: 021/22 35 12 - Telex: 25188 MELSE

### FINANCIAL EXPERTISE

for growing companies on part-time basis. Funds available for equity participation. If required, write Box F 3208, Financial Times 10 Cannon Street, EC4P 4BY

### UK EXPORTERS

WITH PROCEEDS OF SALES BLOCKED IN NIGERIA. Please contact me at the following address for possible joint action and approach to authorities. D. B. Birch Esq., 3 The Gardens, Boreham, Essex, S.10 9JH. Tel: 0206 81110

## Starting out alone in computers? Need backing?

a conference explaining how computer industry entrepreneurs can raise money for themselves and their companies.

Speakers include Sir Frederick Wood, chairman of the British Technology Group, Geoff Taylor, general manager of the Finance for Industry group, senior Barclays executives and successful computer company directors.

Backed by **BARCLAYS** and **ComputerWeekly**

London June 17 Only £65 + VAT

Clip the coupon for more details.

Please send me details of the First Time Financing conference organised by Barclays Bank and Computer Weekly.

Name..... Title..... Company..... Address..... Tel.....

Return to Sue Bonnell, IPC Conferences, Surrey House, Throby Way, Sutton, Surrey, SM1 4QQ. Tel: 01-643 8040.

### MACHINE MANUFACTURING CAPABILITY

Special purpose machine building contract sought by company with extensive, first class facilities.

- All machining and assembly facilities.
- Latest C.N.C. and computer programming support.
- Quality assurance department.
- Electronic measuring, engineering and design facilities.
- Current military contracts with U.S.A. and Canadian authorities.
- Company management has extensive U.K. experience and U.K. trained engineers and designers.
- Export shipping and financial support available.

EXPORTS TO U.K. ARE EXPRESSLY SOUGHT. Principal will be in U.K. early June and available to interested parties for exploratory discussions. Respond by letter, or telex no. 06-960114

DOVASTON INDUSTRIES INC. 1780 Bonhill Road, Mississauga, Ontario, Canada, L5T 1C8.

### SWITZERLAND

Substantial participation available in reputable photographic and audio visual company. Additional capital required to launch two revolutionary products with patents pending. Profit potential substantial. Residents permit available.

For detailed information contact: GLOBE PLAN SA, Av. Mon-Repos 24, 1005 Lausanne, Switzerland Tel: (21) 22 35 12 - Telex: 25188

### GROUP OF COMPANIES

Operating in the oil and petrochemical supply industry and manufacturing of capital plant for export with turnover in excess of £1m requires capital injection which can include equity participation or association with larger group for planned expansion of trading and development of revolutionary products. Tax losses available.

For further information contact: R. D. Alliman, FCA, Messrs. Richard Alliman & Co., Chartered Accountants, Audit House, 5 Bury Road, Thorford, Norfolk. Tel: Thorford (0642) 64291

### A Nigerian Import Merchants

Seeks urgently U.S.A. Financing Houses/Confirms. Heavily represented in Nigeria. Interested U.S.A. Financiers/Confirms should write to: The Adviser, P.O. Box 2080 Onitsha, Nigeria

### BUSINESSMAN

regularly commuting to California from London, willing to undertake assignments. Write Box F 3181, Financial Times, 10 Cannon Street, London EC4P 4BY

## FINANCE FOR GROWTH

Factoring provides finance, beyond conventional borrowing limits, without surrendering equity or management independence.

Alex. Lawrie Factors Limited For details contact: London (01) 626 0484 Bristol (0272) 291388 Coventry (0203) 56653 Manchester (061) 8347415 Newcastle (0632) 325879 Edinburgh (031) 2264599 Banbury (0295) 56041

### PAPER MERCHANT

Metropolitan based with over £6 million turnover lean efficient management available for acquisition

Write Box G 7960, Financial Times, 10 Cannon Street, London, EC4P 4BY

### LOOKING FOR INDEPENDENCE?

You can achieve independence with a full-time Franchise and be in business for yourself but not by yourself. Reap the rewards of running your own business yet have the expert advice, training and financial support that only the world's largest chain of independently owned quick price groups can provide. If you are self-motivated, energetic and have £10-12,000 capital available, secure your future with Franchise Rail-Rite Printing. Write Box D, London W7

Tel: 01-840 3222



### MID-EAST MAILING LISTS

Up to date clean computer maintained Decal: Index Ltd Harman House, Andover Road Winchester, Hants SO23 7BS

A 50 PER CENT share is offered in a first class commercial property in a multi-national company, producing £60,000 p.a. approx. Principals only please. Full details, please write to: Box F 3208, Financial Times, 10 Cannon Street, London EC4P 4BY

RENTAL TAKING BASEMAN—Now complete. New flat in west London. £24,500 to £24,000 U.S. Company. Selling. Telephone: 01-628 4372 or 01-558 8110



# closer

Peterborough is 50 minutes from London by train. That's closer in travel time than places like Ashford in Kent. Or Camberley. Or Brighton.

But closeness to London is just one of Peterborough's attractions. It's an old cathedral city in Cambridgeshire, that has become the country's fastest-growing city during the last ten years. And rapid growth has given Peterborough all the benefits of new developments, carefully blended to complement the advantages of the established community.

The city's road system, for instance, is unequalled anywhere in Britain. So people who work in Peterborough's modern offices or industrial areas have faster and easier journeys. Their homes seem much closer. And there's more time to enjoy the outstanding leisure opportunities.

Living and working in Peterborough can make your business more successful.

Ask John Case for the details.  
Phone Peterborough  
(0733) 68931.

## that's the Peterborough Effect

### Cash Voucher

This cash voucher entitles your company to an immediate 75% CASH AGAINST INVOICES

### Cash flow problems? Then cash this!

Need cash now? You've got it right there on your books! We will give you 75% cash against your invoices - money you can put to work today. You get the 25% balance, less our charges, when your customer pays. And the customer remains totally unaware of the arrangement. Post this voucher now with your name and address, or phone us.

Confidential Invoice Discounting Limited  
Sovereign House, Queens Road, Brighton BN1 3WZ  
Telephone: Brighton (0273) 21211 Telex: 87382

### Food Production Capability

- Capacity exists immediately for the blending and packing of dry food products for bulk use or subsequent packaging.
- We are able to offer a highly competitive complete co-packing service with formulation development and quality assurance of the highest level.

Facilities also exist for national distribution if required.

Please contact advertiser to discuss opportunities.

Write Box F3205, Financial Times, 10 Cannon Street, EC4P 4BY.

### FOR SALE

Immediate 24% equity stake. In Company having licence agreement to market electronic related goods with opportunity to develop as Managing Director and acquire balance of Company over the next few years.

Write to:  
OWNER DIRECTOR CONSULTANCY SERVICES LTD  
57 STONEYDALE, TWICKENHAM ROAD, TEDDINGTON, MIDDLESEX

### SEARCH 100 DATABASES WITH ONE PHONE CALL

Make that call to Database Search Limited (0225) 60626/7. We have direct access to 100 databases in West Germany. Write Box F3206, Financial Times, 10 Cannon Street, London EC4P 4BY.

### SUCCESSFUL BUSINESSMAN

with proven track record requires venture capital in six figures for an innovative restaurant project. Write Box F3207, Financial Times, 10 Cannon Street, EC4P 4BY.

### MARKETING OPPORTUNITY

Microelectronics engineering company seeks partner with marketing capability for joint project. New products or technology enhanced existing products. Contact:  
EUROPA SYSTEMS LTD  
Bignall Hill, Westborough  
Kent TN16 3DF  
Tel: Bignall Hill 71165

### REMOVE THE BURDEN OF CORPORATION TAX

Our successful and profitable corporate clients now arrange their affairs, with our assistance, so that they pay little or no corporation tax.

This can be done with virtually NO RISK and will result in a substantial increase in asset value accumulated in the company. For full details, without obligation, just write your name on a company letterhead and post to me today.

Managing Director (Dept. FCU)  
Ackrill, Carr and Partners Limited  
Triton House, Hagley Road, Birmingham B16 8TP  
(We regret no telephone enquiries can be accepted)

### MULTI-NATIONAL COMPANY CLOSING DOWN MAIN DEPOT

150 Desks Exec. Mng. and Sec. 100 Filing Cabinets  
150 Chairs Exec. and Typist Stationery Cupboards  
Also Rank Xerox machines and 100 electric typewriters all at realistic prices  
01-549 9339

### WHY LEASE YOUR NEXT CAR?

You can buy on our Purchase Plan:  
• 10% initial rental  
• 48 month repayment  
• No VAT on rentals  
• Ultimate ownership  
• 48 months to complete  
FERRYWISE FINANCING & LEASING  
Tel: Essex (0272) 62487/65790

### Dynamic, young and very successful Senior Executive

with considerable finance and time available seeks opportunities in all fields.  
Write Box F3188, Financial Times, 10 Cannon Street, London EC4P 4BY

### IN-CAR TELEPHONE

Fully approved 20 mile plus range. Fast delivery and full installation. Direct dialling. Approx. 4p per call. No rental charges. £2,500.  
Contact: 01-207 6194 or 01-954 5627

### MICROCOMPUTER SOURCE

DISTRIBUTORS WANTED URGENTLY to sell the very popular IBM Personal Computer System. PHONE NORMAN ON 01-948 3182. If you are serious.

### FINANCE

Unlimited funds available FROM 1% p.a. Mortgages or Re-mortgages Residential or Commercial. Any Proposition Considered. Tel: Denise Plant 01-434 3200

### ARE YOU FINANCING YOUR CUSTOMERS?

Obtain details of our FACTORING AND INVOICE DISCOUNTING SERVICE

ARBUTHNOT FACTORS LTD  
Breeds Place, Hastings, TN34 3DG

Contact: S. E. Finch Tel: 0424 430824  
or Telephone: Leeds 0532 444578  
London 01-638 1301 Manchester 061-238 9777  
Birmingham 021-454 7982 Nottingham 0532 598821  
Newcastle 0632 614545 Bristol 0272 273665

### Just published EIU Special Report No. 115 Management buy-outs

This report, the first to deal with this phenomenon of the 1980s in detail, explains how UK employees can buy their companies. It covers initial negotiations, the need for professional advisers, the financial aspects and the legal, tax employee and other considerations in the light of the 1981 Companies Act.

Price £30. Payment with order please to The Economist Intelligence Unit Limited, Subscription Department (FT), 27 St. James's Place, London SW1A 1NT. Telephone: 01-493 6711.

### LIMITED COMPANIES

FORMED BY EXPERTS FOR 57 INCLUSIVE READY MADE £105 COMPANY SEARCHES EXPRESS CO. REGISTRATIONS LTD. Epworth House 25-26 City Road, London, EC1 01-628 5434/5, 7561, 9536

### AVIATION CONSULTANCY AND BROKERAGE

A unique international Aviation consultancy seeks an equity partner with 4000+ readers. Do you have high quality product in which you could be interested? Venture Research, £50,000 minimum. Principals only, please.  
Write Box F3204, Financial Times, 10 Cannon Street, London EC4P 4BY

### GEORGIA, U.S.A.

85 Acres mature Pecan grove. 525,500 to show at least 8% net return 50% finance. All Class 1 and 11 soils.  
PHILIP ELIUS 4 QUEENSBERRY MEWS WEST LONDON SW7 Tel: 01-589 5617

### U.S.A.

British Marketing Consultant, with top level experience in U.S.A. and Europe, will shortly complete project in America for major UK/International Group and is soon available for similar projects, investigation or establishing sales network.  
Write Box F3172, Financial Times, 10 Cannon Street, London EC4P 4BY

### FAST EXPANDING MANUFACTURING COMPANY

IN THE SPORTS TRADE with turnover approaching £1 million requires financial backing for future expansion plans.  
Write Box F3189, Financial Times, 10 Cannon Street, London EC4P 4BY

### MANAGEMENT COURSES

LEARN A LANGUAGE ON HOLIDAY - Learn French in France, Spanish in Spain, German in Germany, from 20th June to mid-September '82. Teaching & accommodation from approx. £120 per week. Full details from Linguators 01-530 7697. Ref. 1.

### GROUP MANAGING DIRECTOR/COMPANY DOCTOR

Track record of turnarounds, organic growth and acquisitions. UK and overseas experience/manufacturing and distribution. Available in all 12 months. Equity required. South/South East.  
Write Box F3202, Financial Times, 10 Cannon Street, London EC4P 4BY

### WE ARE looking for a good introduced

sole agent for a very interesting article for young children. Please contact: Mrs. J. M. P. Publications, Postfach, CH-8021 Zurich.

By Direction of G. Harrison and R. E. Atkins Esq.  
Joint Receivers of Stenmac (Holdings) Limited and its subsidiaries

### FOR SALE

The assets of the leading manufacturer of HEAVY PRESSED STEEL INDUSTRIAL GUTTERS

With three Freehold Properties, modern plant and machinery, stocks and good order book. Turnover approx. £2m, 10% export. The company has many well known products and is well placed to expand with any upturn in the Construction and Building Industry.

AND

### MIDLANDS BASED GALVANISED DUSTBIN MANUFACTURER (W. H. Sherwood and Co Ltd)

Assets available include: Plant, plant and machinery with established contracts with over 20 local authorities for orders in the forthcoming year. Turnover target is £300,000 this year.

Apply Reference RAB/MET

**Grimley & son**  
021-236 8236  
St Philip's Place Birmingham B3 2QQ

## Custom Refinery Processing

Term processing is available at our New Orleans, USA, 250,000 barrel per day modern refinery. Ideally located, we can process various types of crude oil received by standard tanker or VLCC via LOOP. Return of a wide variety of products is available for export or to the United States markets through Colonial and Plantation Pipelines, or by barge and tanker reaching over 80% of the refined products demand area.

Your inquiry is invited.  
GHR Energy Corp.  
PO Box 537  
Good Hope, LA 70079, U.S.A.  
Attn: John R. Stanley  
Tel: (504) 764 2273  
Telex 78404

We are permanently seeking large lots of:

Toys, Presents, Household Items, Perfumery, House Linen, Gardening Tools, Do-it-yourself Kits

**CONSAMAC (France)**  
Telex 270105F - Ref. 297

### BUSINESSES WANTED

### PROPOSITIONS FOR PURCHASE/PARTNERSHIP

I am an Entrepreneur, age 43, I own 85% of a Public-quoted Company (suspended) 1980/81 Loss £140,000; 1981/82 Profit £250,000; 1982/83 £400,000; 1983/84 ?

Laundry, Cleaning, Janitorial Supply and Chemical Manufacture - Plus Planning Permission for 47,000 sq ft Freehold Office Block, High Wycombe (Book Value £232,000), Real Value? Millions!

I also own 95% of various trading Companies in Service Industry £15 million Turnover and £1 million Profit.

I am looking to purchase other business involvements with good prospects or other companies to join up with me with first-class management.

Write Box G7934, Financial Times, 10 Cannon Street, London EC4P 4BY

### INSURANCE BROKER SOUGHT

Substantial group with wide interests wishes to acquire Lloyd's or other B.I.B.A. Broking House.

Write Box G7968, Financial Times, 10 Cannon Street, London EC4P 4BY

### SUBSTANTIAL INVESTMENT CORPORATION

wishes to acquire British companies with large profits arising (or due to arise) from the sale of assets. In appropriate cases we can offer prices substantially in excess of net asset value.

Write Box G7862, Financial Times, 10 Cannon Street, London EC4P 4BY

### BUILDING PRODUCTS - PACKAGING

A UK based group wish to acquire a medium-sized manufacturing company preferably based in the south. A company manufacturing or fabricating building products or a company manufacturing plastics packaging would be ideal. Size should not be much less than £5m turnover with able management.

A figure up to £2m could be negotiated for the ideal acquisition. Please apply in confidence to Managing Director. Box G7940, Financial Times, 10 Cannon Street, London EC4P 4BY

### WANTED

We seek to acquire CONTRACT HIRE COMPANIES currently operating car and van fleets in excess of 100 units. Please write in the strictest confidence to: The Managing Director, COWIE CONTRACT HIRE LTD, Hydon Road, Sunderland. Tel: 0783 44122

### WANTED STRUCTURAL STEEL COMPANY

Public company wishes to acquire a structural steel company in the South East with turnover of £500,000 plus. Reply with details to: Box G7367, Financial Times, 10 Cannon Street, EC4P 4BY

### PRINTING/STATIONERY/LABELLING?

We are a multi-national with well established interests in all of these areas of business. To meet future growth objectives we need to widen our UK base and ask principals of relevant companies to contact us for preliminary discussions now. Good existing management with an interest in developing their company are an essential feature of our search.

Write Box G7862, Financial Times, 10 Cannon Street, London EC4P 4BY



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY  
 Telegrams: Finantime, London PS4, Telex: 8954871  
 Telephone: 01-248 8000

Tuesday May 18 1982

## Instability in Poland

POLAND HAS reached a degree of instability that even last month seemed unlikely. Then, the majority of Poles still appeared cowed by the abrupt introduction of martial law last December. Now, the shock has evidently worn off, partly due to General Jaruzelski's own half-hearted liberalising measures at the start of this month to free a third of his political prisoners and to remove the nationwide application of his curfew.

### Empty promises

Emboldened by this lifting of the tight lid of repression an inch or two, tired of empty promises of reform and dialogue, pinched ever harder by the continuing slide in their living standards, some Poles have started taking to the streets again. Not in such numbers or frequency that the government security apparatus cannot prevail — but strongly enough to undermine the Jaruzelski regime's claim that it had the majority of the population behind it. The Solidarity underground has shown itself capable of organising regular bulletins and brief radio broadcasts, while 16 of the more radical Solidarity leaders in jail announced last week they had gone on hunger strike. It is a volatile situation that cannot last.

Hardline conservatives in the ruling military council have almost certainly taken the line that all this shows that Poland is not yet ripe, or maybe never will be ripe, for liberalising gestures. General Jaruzelski has not bought this argument, in the sense that he has not reimposed the full panoply of martial law. But if he is not turning the clock back, nor is he turning it forward. He was initially labelled a moderate because he was conducting a balancing act inside his government. It may be more accurate now to consider him a ditherer who has done little but protect his own position from internal attack.

Certainly General Jaruzelski cannot keep his policies where they are at the moment. If he does not want to go back, he must move forward. The key problem for him and even relative moderates inside the Government is that they expect popular gratitude for any relaxation in martial law and this is precisely what they are unlikely to get.

General Jaruzelski might have had a stronger case if he could

point to any benefits from five months of martial law. But Poland's Communist Party, to which power would return under civilian rule, has still not rebuilt its shattered policies, confidence, and membership. The economy has continued to slide downwards, crippled by the lack of raw materials, components and spare parts from the West.

General Jaruzelski has been offered a compromise by some Solidarity leaders, and he would be well advised to grasp it soon. Influenced by the Catholic church, these Solidarity leaders, both underground and in jail, have dropped their insistence on revival of their union and an end to martial law before they talk to the Government, and are instead just asking for freedom and amnesty.

### Conditions

The big unknown is whether Mr Lech Walesa, the Solidarity president who has been held virtually incommunicado, would accept this as a starting point for talks. Only General Jaruzelski is in a position to ascertain that. The question for Western governments is whether they should budge on the conditions they set back in January on a resumption of trade credit and official debt rescheduling for Poland. These conditions were release of those interned, an end to martial law, and the real beginnings of a dialogue with Solidarity. Weakening these conditions right after the Jaruzelski moves which only provoked protests in the streets would be bad if it made Western governments appear grateful for something for which the Polish people patently are not.

Fresh credits, which the Polish economy will certainly need in 1982, are therefore out of the question. On the other hand, a unilateral declaration of Polish default by the West remains inadvisable: it would throw Poland firmly back into the arms of the Soviet Union, and would remove any reason for further contact with the West.

The best way to preserve this contact may be to move gradually forward on the question of rescheduling Poland's debts — a move which, because of the continued flows of interest implied, cannot be constructed as doing General Jaruzelski a favour.

## A discipline for merger control

THE BRITISH Government is once again facing a number of awkward decisions in the field of mergers policy. The awkwardness stems not so much from the complexity of the issues, but from a decision-making process which is unsatisfactory to the companies concerned and does little to advance the public interest. It is high time these arrangements were improved.

All bids which fall within the scope of the Fair Trading Act are examined by the Office of Fair Trading to see whether or not they should be referred to the Monopolies and Mergers Commission. Like the Commission, the OFT is guided by Section 84 of the Act which sets out the questions of public interest that have to be taken into account in merger decisions. They include the desirability of promoting competition, encouraging cost reduction and employment of industry and employment. The OFT makes its recommendation to the Secretary of State for Trade, who may or may not accept it.

### Political pressure

The process takes place in secret and lends itself to behind-the-scenes lobbying. The Secretary of State is not required to make public the reasons for his decisions; his discretion is wide and subject to no very obvious check. One consequence is that referral decisions become politicised to a quite unnecessary extent. The more noise the opponents of a merger make, the more likely it is that it will be referred to the Commission; in effect the Minister can shuffle off a problem to the Commission, which is less vulnerable to political pressure. The current bid from Charter Consolidated, the mining finance group, for Anderson Strathclyde, the Scottish-based mining machinery company, illustrates the point. The "Scottish card" is being played for all it is worth by opponents of the deal, just as it was a few months ago with the Royal Bank of Scotland.

A further consequence is that agreed bids seem more likely to escape referral than opposed ones. Such an outcome cannot be taken for granted, but when

the two companies jointly put up a plausible case for economic and industrial benefits of their proposal, it is less easy for the examiners to find an obvious detriment to the public interest.

Decisions are now awaited on two agreed bids—between Argyl Foods and Allied Suppliers, and in the mail order industry, between Great Universal Stores and Empire Stores. In the first case the companies seem to expect, on the basis of informal OFT guidance, that the bid will be cleared. Yet an earlier, opposed, bid by Argyl for Linford Holdings was referred. It is true that the implications of the two bids for the structure of retailing are not the same; it is certainly possible to argue that the Argyl-Allied merger will not adversely affect competition. But if the deal is cleared on that basis, why should the Secretary of State not say so?

### Clarification

An obligation on him to state his reasons for referral decisions would be a useful discipline and help to clarify Government policy towards mergers. The vast majority of cases could be dealt with in one or two sentences, since they do not raise issues of public interest as defined in the Fair Trading Act. Similarly horizontal mergers leading to a substantial increase in market share (like the Nabisco bid for Huntley and Palmer) are obvious candidates for referral. It is in the borderline and especially the "political" cases where further explanation is needed.

It is sometimes argued that a public statement would run into problems of commercial confidentiality, especially in "rescue" bids where the company to be acquired is in financial trouble. But if this argument for non-referral is being used by proponents of the deal and is accepted by the Government, a public statement would rarely make the situation worse.

Under the present system lobbying skills sometimes count for more than economic or industrial arguments. Making the referral process more open would be fairer to the companies concerned and help to make mergers policy more consistent.

## ZIMBABWE LEADER'S EUROPEAN TOUR

# Why Mugabe needs the West

By Tony Hawkins in Harare

THREE MONTHS after a potentially damaging internal political battle, Zimbabwe today launches a major diplomatic campaign to restore European confidence when Mr Robert Mugabe, its Prime Minister, begins a seven-nation tour.

The trip, starting in London, could prove Mr Mugabe's most important foreign tour, certainly in economic terms, since he became premier just over two years ago.

Despite all the rhetoric and publicity surrounding Zimbabwe's commitment to non-alignment, to a socialist economy, and to closer ties with the socialist states of Eastern Europe and the Far East, the country remains heavily dependent on Western trade, aid and investment flows.

Politically, Mr Mugabe will be using his visits over the next three weeks, to Britain, France, West Germany, Italy, Belgium, the Netherlands and Greece, to reassure these major Western countries that his much-publicised split with Mr Joshua Nkomo, his partner in coalition since independence two years ago, will not jeopardise long-term stability.

But economic issues are likely to dominate his discussions which is why his delegation includes the Ministers of Finance and Economic Planning (Dr Chidzero) and Agriculture (Mr Norman) of Manpower Planning (Dr Shava) and of Industry and Energy Development (Dr Makoni).

The Zimbabwe team has two key tasks to tackle on this trip. First, the Ministers will be out to attract both official and private sector investment, pointing out that after two years of remarkable economic expansion, the economy is slowing down because it lacks foreign exchange and to a lesser extent—because of an acute shortage of specialist skills and experience.

Second, they believe they must counterbalance what they regard as an undesired bad press in the Western media, and especially in Britain.

Officials cite the foreign press coverage of the dismissal of Mr Joshua Nkomo and his top aides from the coalition Cabinet—because of the discovery of secret arms caches on several farms belonging to the Zapu movement—as evidence of what one described as "bystical overreaction." Certainly, the dire predictions of public unrest and civil war have proved unfounded.

It is true, however, that there have been significant defections from the army. One estimate puts the number of so-called "dissidents" (a reference to former guerrilla soldiers from Mr Nkomo's Zigu army) who have returned to the bush with their arms at between 1,000 and 1,500. But although the underlying motivation may have been political, dissident activity is largely confined to robbers and bandits.

Dissident activity is largely confined to the Nobebele-dominated western half of the country from where Mr Joshua



Robert Mugabe: formidable problems, but undeniable achievements

Nkomo draws the bulk of his political support, but ministers maintain that there is no evidence of political organisation and no sympathy from the civilian population.

This does not mean that Mr Nkomo's Zapu is no longer a political force. Indeed, with the effective collapse of white political opposition—almost half Mr Ian Smith's 20 white members of parliament have left the Republican Front to sit as independents and have let it be known that they will often support the Government in Parliament—it is Zapu alone that constitutes the political opposition. Just how far Zapu will go in opposing the Government in Parliament will become clear only when the House re-assembles in mid-June, but Mr Nkomo has little room for manoeuvre.

First, he faces the possibility of prosecution arising out of the secret arms stockpiles. Secondly, Zapu, which has always had the reputation of a solidly united and cohesive political force, is split between those who are opposed to Mr Mugabe and the eventual establishment of a one-party state, and those who support the continuation of the coalition government from which Mr Nkomo was dismissed in February.

This problem surfaced early this month when the Zapu central committee condemned two party members for accepting posts in the Mugabe Government in the April Cabinet reshuffle. Thirdly, there is the obvious danger of opposing in Parliament policies that are designed to achieve what the Prime Minister has called "national transformation". The signs are that

the 1982 Parliament will be faced with far-reaching social and economic legislation which few black politicians would wish to oppose.

The real crunch for Mr Nkomo and Zapu will come over the issue of establishing a one-party state. However, although the idea has been canvassed, legislation looks to be years away. The cynical view that the ruling party wants to introduce

170,000 (some 40,000 people, mostly whites, have emigrated since independence) concern focuses not on political issues but primarily on job security and their children's education.

The economy is visibly slowing down after three years of exceptional growth, with real gross domestic product rising 7.5 per cent in 1979 (even before the settlement), nearly 12 per

cent in 1980 and 10 per cent last year. This year real growth is unlikely to exceed 3.5 per cent—the rate of population growth.

There are four main reasons for this year's slowdown: the world recession is having grave effects in the mining industry; the severe 1981-82 drought has led to a 45 per cent reduction in the maize crop; the strained balance of payments position has necessitated a 14.5 per cent cutback in import quotas; and the exodus of skills and experience has resulted in declining productivity in some industries and a falling behind in investment programmes, notably in the public sector.

At the time of independence, Zimbabwe was much under-borrowed with a debt-service ratio (to exports of goods and services) estimated at around 3 per cent. Today the debt-service ratio has jumped to 16 per cent, reflecting foreign borrowings last year of more

than £350m, in order to finance a current account deficit of some £400m. Zimbabwe has signed many trade agreements with Third World countries and Eastern Europe since independence (one of the most recent being with East Germany), but these economic links are dwarfed by trade, aid and investment ties with OECD states. Last year more than half of Zimbabwe's foreign trade was with the OECD area.

On the aid side, assistance totalling \$950m was pledged to Zimbabwe at the Zimbabwe conference on reconstruction and development a year ago. Britain, with aid pledges of more than £130m is the largest single donor, followed by the United States and the EEC (£90m).

The speed with which these aid funds are being applied has been frequently criticised. But Dr Bernard Chidzero, the Minister of Finance and Economic Planning, who is accompanying the Prime Minister, said recently that some £250m of the Zimcord aid had been committed—as much as could reasonably be expected. The Government is due to publish its three-year transitional development plan in mid-year, envisaging expenditure of £3.4bn over the period, of which 38 per cent will have to be raised externally.

It is likely that details of the programme, and how it might be funded, will feature prominently in Ministerial discussions that the Zimbabwe delegation will have. To date, the foreign investment record has been extremely disappointing. There are no official figures of direct investment in Zimbabwe since April 1980, but the figure is believed

to fall short of £25m.

There are hopes that a breakthrough might be in the wings, in the form of two significant international investments—one by H. J. Heinz of the U.S. in the food processing sector, and the other by Scania of Sweden in vehicle assembly. If these go ahead—as seems highly probable—then it may be that the logjam will have been broken and the wagon will start to roll.

Roll it very definitely must, since, as recent experience shows, Zimbabwe simply cannot maintain an adequate growth rate to accommodate its fast-growing population without substantial injections of foreign finance.

Without access to significantly increased levels of foreign exchange, the social gains in the form of free primary education, a broader-based health service with free facilities for the poor, more jobs in the industrial sector (but a sharp loss of employment in agriculture) and substantially higher wages, will be much diluted.

This is most obvious on the jobs front. Since independence 100,000 new jobs have been created, but half of these have been lost because of lower employment in farming in response to the introduction of minimum wages in the sector.

Two other formidable long-term economic problems are weighing on the minds of Ministers. First there is the geopolitical issue—the extent to which Zimbabwe will be drawn into and suffer from regional tensions. Relations with South Africa—often accused of attempting to "destabilise" her neighbours—are delicate, and Mr Mugabe has to walk a tightrope between sympathy for so-called opposition parties and Zimbabwe's self-interest.

Secondly, there is land. After resettling 14,000 families in the first two years of independence, the pace is being stepped up to a target of 164,000 families over the next three years. While commercial farmers fear that this can be achieved only by replacing at least half their number with small-scale peasant producers.

This begs three crucial questions. Will the finance be available to pay for the land, as is presently stipulated in the Lancaster House constitution? What will be the impact of such a land transfer on output, bearing in mind that the white farmers are responsible for some 85 per cent of marketed output? And finally, what will happen to the 700,000 or more blacks currently employed or living on commercial farm land?

Finance for resettlement is bound to be high on Mr Mugabe's agenda for the London talks, although it is considered unlikely that the British Government will be forthcoming on any significant scale.

Formidable though these problems are, they should not be allowed to mask the achievements of the past two years and the obvious potential that exists for rapid economic advance once the world economy recovers some momentum.

## Zimbabwe cannot maintain an adequate growth rate without substantial foreign finance

It before the elections, due in late 1984 or 1985, has little substance. Mr Mugabe's Zanu faces no danger of electoral defeat: political change in Zimbabwe, if it is to come, will rather stem from divisions within the ruling party, where there is already a debate between its radical and pragmatic wings.

For his part, Mr Mugabe is anxious to keep his reconciliation policy aloft, and his handling of his political opponents this year has been little short of mastery. Not only has he demoralised Mr Nkomo's Zapu while still keeping four Zapu Ministers in his Cabinet, but he has split the parliamentary whites down the middle and given ministerial posts—in the form of largely technocratic appointments—to two white former supporters of Ian Smith. How much longer Mr Smith will stay in public life is unclear but among the white minority now down to an esti-

mate of 10 per cent, Mr Mugabe is unlikely to exceed 3.5 per cent—the rate of population growth.

There are four main reasons for this year's slowdown: the world recession is having grave effects in the mining industry; the severe 1981-82 drought has led to a 45 per cent reduction in the maize crop; the strained balance of payments position has necessitated a 14.5 per cent cutback in import quotas; and the exodus of skills and experience has resulted in declining productivity in some industries and a falling behind in investment programmes, notably in the public sector.

At the time of independence, Zimbabwe was much under-borrowed with a debt-service ratio (to exports of goods and services) estimated at around 3 per cent. Today the debt-service ratio has jumped to 16 per cent, reflecting foreign borrowings last year of more

## Men & Matters

### Sparkle in the City

Sir Christopher Leaver, the Lord Mayor of London, and a rich assortment of City dignitaries were bubbling with pleasure yesterday about the taste and style of architect Richard Seifert's new office complex in Devonshire Square opposite Liverpool Street station. Leon Brittan, Chief Secretary to the Treasury, took time off from managing the economy to perform the opening ceremony.

"A pretty little development" was the first reaction of one invited financier. In saying that he was unwittingly doing the Cutlers Gardens project much less than justice. Costing £70m and providing 500,000 sq ft of office space, it is the biggest office development recently completed in London and is one of the most ambitious conservation schemes for city buildings yet seen in Europe.

However it is a deceptive piece of work because it does not appear either big or extravagant to the passer-by. The developers, Greycourt Estates and Standard Life Assurance Company, have taken the ruins of the old East India Company trading centre built in the late 18th century and have converted them into modern offices.

Four original facades of the India Company buildings in yellow bricks—London stocks have been preserved. The problem was how to match their mellow finish with new materials. Stewart Lipton, a director of Greycourt, flew to Brazil. Up a mountainside above the Rio Grande valley he had 200-tonne granite boulders smashed open and he chose an unusual yellow granite coloured by iron deposits to match the old brickwork. The granite was cut and dressed in Italy and then sent on to London. It was an inspired

choice. The granite and the brickwork complemented each other like sausage and mash.

Cutlers Gardens is the largest single development so far by Standard Life although the company is now spending up to £40m a year on direct property ventures.

Lord Chelmer, chairman of Greycourt for the past 24 years, has his eye on the big one next: the contentious City Street site on the South Bank of the Thames. Greycourt has a scheme by architect Richard Rogers (who designed the Pompidou building, Paris) which would courts, a gymnasium, and a pounds. Like the Cutlers Gardens development it would be a number of separate buildings and it would run down to the Thames from Waterloo along a spine of amenity buildings and it would run down to hobbles are architecture and landscape gardening.

### Old soldier

Aware of the diplomatic courtesies that a visiting dignitary should observe, Robert Mugabe, Zimbabwe's Prime Minister, will be paying a call to Westminster Abbey today to pay a wreath at the tomb of the unknown soldier at the start of his first official British tour. Apart from a wish to show politeness to his hosts, Mugabe's gesture—it was his idea, according to Number Ten—may seem curious. After all, Zimbabwe, now two years old and the youngest African state, has little reason to remember the northern French trenches of the First World War, where the anonymous warrior met his death.

However, Mugabe will be talking about present-day British soldiers when he meets Peter Blaker, Minister of State for the Armed Services. The agenda is likely to include the role of the 80 British advisers in Zimbabwe, who are helping to integrate former Rhodesian

forces with their one-time guerrilla opponents. It is also worth speculating that Mugabe's pilgrimage to the Abbey could be an acknowledgement of his own warrior past.

### Schroder girls

Question: Which subsidiary of a major UK merchant bank has just bought a 10.4 per cent stake in a company which earns much of its income distributing films such as "Satan's Cheerleaders"? When these girls raise Hell there's the devil to pay, and "Cathy's Curse" ("She has the power... to terrorise")?

Answer: J. Henry Schroder Corporation, the U.S. investment banking arm of J. Henry Schroder Wagg. The cost of the deal was \$250,000, for which Schroder has received a stake in 21st Century Distribution Corporation, a U.S. film distributor.

The 21st Century business has only been a public company for one year. Schroder's investment represents a 37 per cent increase in share capital for the group. In London, a spokesman for Schroder said the venture into colourful films was nothing to do with the UK parent. Such an investment would be a decision taken in New York.

At 21st Century, Mr Art Schweitzer, executive vice-president, said his organisation had approached Schroder. The \$250,000 would be used "to acquire motion pictures and to help finance the growth of 21st Century ventures such as Planet Video, a video distribution company."

Part of the film company's policy, which Schroder must have decided was potentially lucrative, involves buying films at knock-down prices from companies which are in trouble. "Satan's Cheerleaders," which co-stars a group of octopuses called "The Huskies," cost only \$2,000.

### Dry and bright

The business lunch in New York has never been quite the sumptuous repast that tradition and a more leisurely pace of life have made it in London. First-time visitors from Europe have been known to be surprised—insulted even—when offered a couple of spartan courses and a glass of iced tea, and bundled out at 2 pm on the dot.

While our London gents seem to believe that the world looks better with three courses and a good bottle of Chateau something-or-other, the hard-driving, jogging fraternity on Wall Street prefer to keep a clear head and a lean stomach.

Alcohol is usually available, but it tends to be tucked away in a discreet cocktail cabinet and is not always offered. So he who is partial to a stiff G and T before taking his seat can find himself in the awkward position of having to ask for it—feeling like the man in a Bateman cartoon.

Several institutions have already reduced their stock to sherry—and then only for visitors. Johnson and Higgins, a leading New York insurance broker which is closely allied with Willis Faber of Lloyd's, has now gone one step further by banning alcohol entirely from its dining rooms. A memo has been circulated saying it tarnishes the image and impairs productivity.

### Dogged

Marriment in court at Mallow, County Cork, when five people were fined for keeping unlicensed dogs. Owners and dogs were all from the Kennel Hill Estate.

Observer

## Manufacturing in Barbados increases your profits

Are you looking for a low-cost production location? Barbados offers all of the facilities for a profitable manufacturing operation. Many European and North American companies already enjoy these benefits:

- Preferential entry to the U.S. and E.E.C. markets.
- Political and social stability.
- A highly-productive labour force.
- Advantageous training grants.
- Generous tax incentives.
- Duty free imports.
- Pre-built factories in fully-serviced industrial parks.
- Excellent infrastructure.

For free booklet and further details, please contact:

**BARBADOS INDUSTRIAL DEVELOPMENT CORPORATION**  
 14 Avenue Lloyd George - 1050 Brussels - Belgium  
 Tel. 32-2-648.10.26 - Telex 63828

Name: \_\_\_\_\_  
 Position: \_\_\_\_\_  
 Product: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_

TUN  
reje  
War



## FINANCIAL TIMES SURVEY

Tuesday May 18, 1982

## Corporate Finance

After several false dawns last year the signs of industrial recovery are now becoming clearer, though an improvement in the flow of funds is not likely to follow immediately and much will depend on whether profits make a strong recovery.

## Cautious reaction to business upturn

By Barry Riley

SLOWLY, the UK economy appears to be recovering from the worst of the recession. However, across much of industry the upturn is being treated cautiously.

That is only natural, when there have been several previous false dawns—one last spring, and another during the autumn—and when some quite major sectors like the motor industry and the petrochemicals industry remain depressed. Yet it is looking increasingly likely that the corner has been turned.

In liquidity terms, however, the recovery will not necessarily make conditions a great deal easier. Already bank borrowing has risen sharply, and in recent months has increased by £2bn or more. A large part of this has been attributable to personal lending, but companies have been big borrowers too.

In the depths of the recession companies were cutting back hard on their spending—most notably on stocks and work in progress. In the second half of 1981 and in the first half of 1982 the industrial and commercial company sector trimmed its volume of stocks by over £5bn. By the second half of 1981, however, the stock reduction was slowing to a trickle—and allowing for price inflation, stocks were beginning to absorb cash again.

Although industrial and commercial companies had clawed themselves back into financial surplus for much of 1981, by

the final quarter the sector was back in modest deficit.

A key influence on financial events within the company sector over the past year was the civil servants' dispute, which meant that for a period of some months in the spring and summer large sums of tax were going uncollected. Effectively, companies were in a position to fund themselves from Government revenue. But eventually these bills had to be faced up to.

## Wild fluctuations

The combined effect of the rundown of inventories and the civil servants' dispute was to produce wild fluctuations in corporate sector financial flows last year. Thus the net borrowing requirement of industrial and commercial companies in the second quarter of 1981 was actually negative, on a seasonally adjusted basis, for the first time since 1977. Companies piled up about £1.6bn more in liquid, and other financial assets than they borrowed from the banking system.

This temporary respite is also evident from the Department of Industry's survey of the liquidity of large companies. Liquidity improved, quite markedly in the second and third quarters of the year.

However, since then the squeeze has been on again. As the tax backlog has been cleared, companies have been forced to borrow again. In

October-December 1981 the netting power of employees is greatly enhanced. However, the severe industrial slump endured by the UK in the past couple of years has represented much more than a normal cyclical downturn, and past patterns may not be relevant. Certainly, the evident problems of the U.S. economy are now casting a shadow over the prospects of a UK upturn.

At least companies will be hoping for further falls in the cost of borrowing. The rate of inflation in the UK is soon likely to drop below 10 per cent, and the Treasury has forecast that prices will rise by only about 7½ per cent in the next year. That makes current overdraft rates of 13 per cent and above look distinctly expensive, and the same applies to long term interest rates.

Barclays Bank and Reed International have recently borrowed medium or long term money at around 16 per cent, but in general corporate borrowers continue to be shut out of the fixed interest new issue market, which is dominated by the UK Government and in the "bulldog" sector, various official or semi-official overseas

In real terms the picture is worse. The undistributed income, or retained profits, of industrial and commercial companies, excluding stock appreciation, but including North Sea oil earnings, fell from 9 per cent of Gross Domestic Product in 1977 to less than 6 per cent in 1981.

A surge in profits would cure any serious financial pressure on companies. In any pickup from the bottom of a business cycle the improvement in profits can be sharp. This is because the productivity gains from higher volume are considerable, where there has been spare capacity, and because wage demands are conditioned for a time by recessionary memories.

Later in an economic cycle, volume growth may have to be achieved by adding expensive new capacity. Also the bargain-

borrowers, such as the World Bank.

In general, British companies have continued to rely heavily on bank finance, whether in short or medium-term form. Some have turned to shareholders for equity capital through rights issues—the £600m-plus blockbuster by BP last year being followed more recently by Vickers and Ham-merson Property. However, the uncertainty generated by the Falkland crisis has dampened recent activity.

## New capacity

For years the Government has crowded companies out of the bond market, but it has recently posed a new threat by putting much more emphasis on index-linked borrowing. Since the March budget index-linked gilts have been available to all investors, and companies have not been willing to compete in this sector. Fortunately, the overall level of borrowing by the Government has been falling. Indeed, the public sector borrowing requirement undershot the target by £2bn in the financial year 1981-82.

This opens up the possibility that, if only interest rates could be brought down, British companies might be able to raise long term money and reduce their often unhealthy reliance on bank financing. But interest rates are still a number of points higher than the level at which most finance directors would find long-term fixed interest finance to be attractive, and it seems unlikely that sterling interest rates can fall substantially until dollar rates do the same.

At least the UK equity market has held up reasonably well over the past year. It suffered a sudden and nasty shakeout last September, but recently has performed better than major foreign markets like those in the U.S. and Japan.

This has provided a favourable background for the early development of the Stock Exchange's second-tier arena for small companies, the Unlisted Securities Market. Although there has been only a trickle of new floatations on the main equity market—many of them being Government sell-offs—the number of USM companies has now topped 100.

## Untried companies

Inevitably there have been some problems with the influx of such a large number of often young and untried companies. The problems of Enro-frame have filled many column inches of newspaper space. However, the USM does appear to be fulfilling a need.

Not only the Stock Exchange has been trying to cater for the capital requirements of small companies. A great many vehicles have been established by various financial institutions in order to fill what has been thought to be a gap in the range of financial services on offer.

The institutions that have

## CONTENTS

New issues: Market activity restored	II
Company profits: Recovering from last year	II
Banks: "Vultures" slur rejected	III
Creditors: When the going gets rough	IV
Merchant banks: Competing for top customers	IV
Finance directors: Coping with the recession	V
Risk measures: Important in calculating cost of capital	VI
"Buyout" deals: Lure for ambitious executives	VI
Overseas offshoots: Can keep UK parents in profit	VII
Corporation tax: Dramatic fall in yield	VII
Institutions: Some under fire for lack of originality	VIII
Smaller companies: Plenty of money available	VIII

tried to find ways of nourishing the entrepreneur and the small family business include banks, insurance companies, pension funds and investment trusts. The availability of such finance has encouraged a largely new phenomenon, the buy-out of divisional operations of large companies by the existing management.

However, in seeking to switch some of their emphasis from big to small companies, the major financial institutions have not been able to find the volume of business that they would like.

The financial institutions certainly face challenges in responding to the needs of companies in the recession. The degree of help which ailing companies should be able to expect from their bankers and big shareholders is a subject for constant debate.

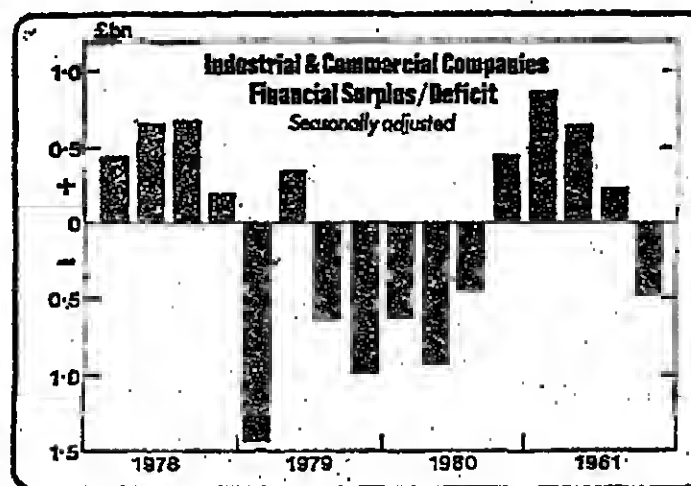
Institutional shareholders are now dominant in the registers of most companies, but are not yet, in most cases, willing to concede that they carry a

responsibility to support and encourage managements which might conflict with their right to buy and sell shares as they choose. The ill-feeling over "dawn raids" has highlighted this conflict, though the number of such raids has fallen in recent months.

Banks are in the front line when companies get into trouble, and there can be an awkward choice between nursing a company through its problems and pulling the plug so that the bank can hold on to at least some of its security.

All these problems and conflicts crystallised in the sad case of Stone-Platt, which collapsed amid an unfortunate barrage of accusations and disclaimers, which left Midland Bank and various institutions like Equity Capital for Industry seeking to justify their positions.

It was an episode which reminded the various practitioners in corporate finance that they are operating in an environment where politics can intrude rudely into commerce.



**FLIGHT REFUELLING (HOLDINGS) LIMITED**

Acquisition of Stanley Aviation Corporation and Rights Issue

**TOUCHE REMNANT strategy and structure for the 80's**

STATEMENT FROM THE CHAIRMAN

TOUCHE REMNANT & CO.

**FUJITSU**

Fujitsu Limited

Introduction to The Stock Exchange in London

sponsored by Kleinwort, Benson Limited The Nikko Securities Co. (Europe) Ltd.

**British Aerospace**

Offer for Sale by Kleinwort, Benson Limited on behalf of The Secretary of State for Industry of up to 100,000,000 Ordinary Shares of 50p each at 150p per share payable in full on application

and underwritten by Morgan Grenfell & Co. Limited J. Henry Schroder Weyss & Co.

**The Hammerson Property and Investment Trust plc**

Proposed Rights Issue on a 3 for 10 basis of Ordinary and 'A' Ordinary Shares of 25p each at 500p per Share

**Cable and Wireless**

Public Limited Company

Offer for Sale by Kleinwort, Benson Limited on the instructions of The Lords Commissioners of HM Treasury and The Secretary of State for Industry of 133,285,000 Ordinary Shares of 50p each at 168p per share payable in full on application and underwritten by Kleinwort, Benson Limited J. Henry Schroder Weyss & Co. Limited

**Caixa Nacional de Seguros**

Placing on behalf of 250,000,000 Guaranteed Loan Stock 2000 The Republic of France

**RECOMMENDED OFFER**

Kleinwort, Benson Limited

BODDINGTONS' BREWERIES LIMITED

OLDHAM BREWERY p.l.c.

**The Black and Decker Manufacturing Company**

Offer for Sale of 500,000 shares at 100p per share

**TR ENERGY**

Public Limited Company

Offer for Sale by Kleinwort, Benson Limited of 10,000,000 shares of 25p each at a price of 21p per share payable in full on application

**Introduction to The Stock Exchange in London of the Shares of BASF**

Sponsored by Kleinwort, Benson Limited S.G. Warburg & Co. Ltd.

**North Sea Assets**

Public Limited Company

Introduction to The Stock Exchange sponsored by Kleinwort, Benson Limited

**TUNNEL rejects Ward bid**

Kleinwort, Benson Limited

Merchant Bankers

Head Office: 20 Fenchurch Street, London EC3P 3DB. Telephone: 01-623 8000 Telex: 888531

Represented in Birmingham, Manchester and Edinburgh.

And in Bahrain, Bangkok, Bogota, Bremen, Brussels, Buenos Aires, Chicago, Geneva, Gothenburg, Guernsey, Hamburg, Hong Kong, Isle of Man, Jakarta, Jersey, Kuala Lumpur, Los Angeles, Madrid, Melbourne, Mexico City, New York, Paris, Rio de Janeiro, Santiago de Chile, Singapore, Sydney, Tokyo.



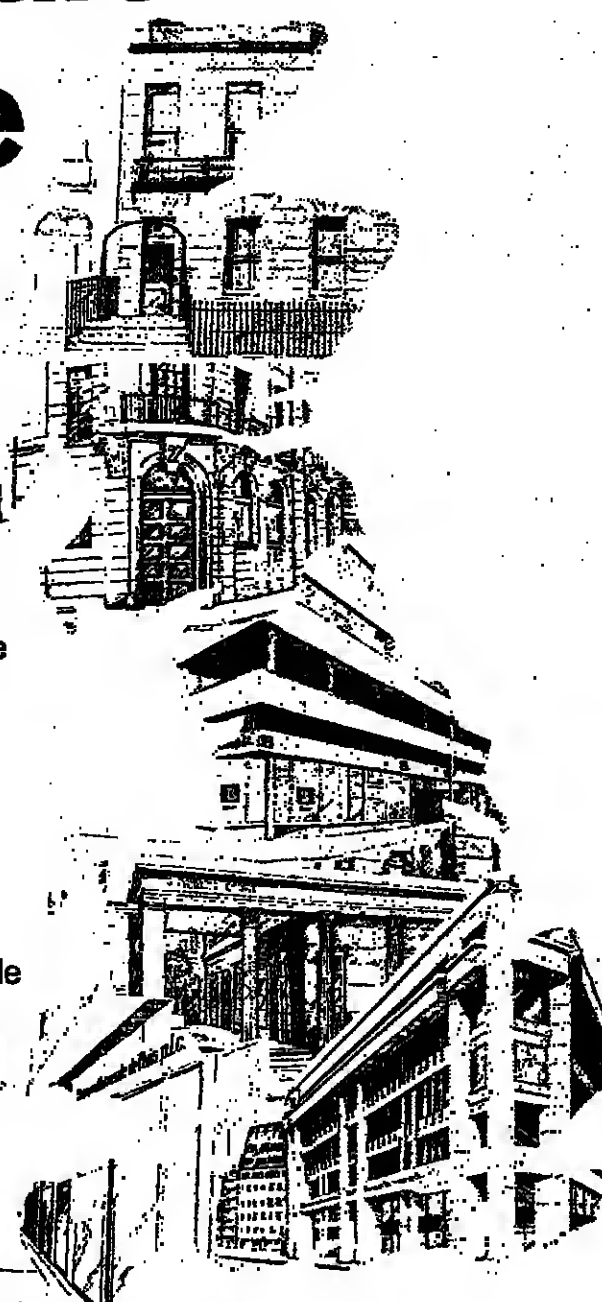
# The bank for corporate finance

Established as an international bank in London for well over 100 years, Banque Nationale de Paris p.l.c. provides international and domestic corporate facilities in the UK for large and medium-sized companies

The BNP offices illustrated are located in the main business centres:

London: 01-626 5678  
Manchester: 061-228 0611  
Birmingham: 021-236 9735  
Leeds: 0532-443633  
Edinburgh: 031-226 6655

As a member of the worldwide Banque Nationale de Paris Group, BNP p.l.c. has the positive advantage of direct contact with the seventy-seven countries in which the Group operates.



## Banque Nationale de Paris p.l.c.

8-13 King William Street, London EC4P 4HS, Telephone: 01-626 5678, Telex: 883412 BNP LNB

BNP Group Head Office: 16 Boulevard des Italiens, Paris 75009

# COUNTY BANK

Merchant Bankers

- Corporate financial advice
- Mergers and takeovers
- Investment management
- Multi-currency asset management
- Medium term sterling and international currency finance
- Sterling and currency loan syndications
- Acceptance credits
- Equity finance
- Sterling and currency deposits
- Eurobond issues
- Private placements

County Bank Limited  
11 Old Broad Street, London EC2N 1BB.  
Telephone: 01-638 6000  
and in Birmingham, Edinburgh, Leeds, Manchester,  
Dubai and New York.

National Westminster Bank Group

## CORPORATE FINANCE II

# New issue market restored to a lively position

IN THE past year, the new issue market has returned to its rightful position as one of the most lively corners of the stock market.

The creation of the Unlisted Securities Market, the flotation of three large nationalised industries and a record flow of rights issues are the main ingredients that have combined to make a fizzy, if not always sweet, brew.

So far this year, these same ingredients continue to flow, and the total level of new money raised by the sale of marketable securities could end up not much below last year's record £3.4bn.

The amount of money raised from rights issues in the first four months of this year is well ahead at £208m compared to £215m in the previous period, mainly because of a flurry of issues from property companies suffering from high interest charges on their borrowings. MEPC raised £82.3m in January and Hammerson Property £73m last month.

However, it is unlikely that last year's record total of £1.8bn raised from rights issues will be matched this year. For one thing, the blockbuster £244m issue by British Petroleum boosted last year's figure. And there is as yet no sign of the late spring surge of calls on shareholders from industrial companies that occurred last year.

Nevertheless, the overall new money raised on new issues this year should remain high provided the planned £3-£5bn public flotation of shares in British goes ahead.

The Government's sales of shares in three nationalised corporations in the past year and a half has been perhaps the most controversial development in the new issue market.

### Grumblings

Grumblings about the high premiums obtained in initial dealings in British Aerospace shares in February 1981 grew louder when the same thing happened with the sale of half the shares of Cable and Wireless last November. But the grumblings turned to a political outcry over the heavily oversubscribed £71m sale of all the shares of British Aerospace at the tender method. ADM, an aircraft fittings group which made an offer for sale in March, contemplated it but chose instead a very tightly priced fixed offer. More recently, Associated Heat Services chose to have a tender for its sale of 3.2m shares.

Perhaps the most exciting development in the new issues field in the past year has been the progress of the Stock Exchange's new Unlisted Securities Market. Set up in November 1980 to provide a regulated market for small companies that did not have an adequate record to obtain Stock Exchange listing. The USM has been an instant success.

It has attracted more than 100 companies of all shapes and sizes. The USM is home to some sizeable oil exploration companies, such as Sovereign Oil and Gas and Cliff Oil, and to some purely speculative projects, such as Hesketh Motorcycle and Nimbus. In between, there is a large group of small industrial companies, many in computers and other high technology sectors. The USM list also includes financial, property and retail groups.

More than £80m has been raised so far through planks, offers for sale and rights issues, and many of them have been sponsored by small and provincial brokers whose names had not been seen on a new issue document for a very long time.

There have been some complaints that much of the funds raised in these issues have gone into the pockets of the companies' founders rather than into expansion. In one case, Subelectro, in which the entire £2.5m proceeds were destined for the principal shareholder, the flotation was ultimately cancelled. In many cases, however, the companies are generating plenty of cash and do not need to raise funds.

**Bankruptcies**

USM share prices initially tended to be higher than those in the main stock market, reflecting perhaps the argument that small companies offer much greater potential for growth than larger ones. Also they are much more risky, and the overall performance in the USM now lags behind the main market. The FT-Actuaries all-share index shows a 10 per cent gain since November 10 1980 when the USM opened, while HIL Woolgar's index for the USM, which is calculated in the same way as the all-share, shows only a 4 per cent gain.

Given the speculative nature of many companies in the USM, it was inevitable that there would be scandals and bankruptcies. To many observers' surprise, however, there were none in the market's first 15 months of operation, then suddenly there were two.

American Communications Industries, a film production company, has filed under Chapter 11 of the U.S. bankruptcy code, and Euroflame UK, the principal subsidiary of Euroflame Holdings, a wood stove and cooker distributor, has

been placed in liquidation. A Department of Trade investigation has been launched on Euroflame share dealings as well. However, worries in some quarters that failures like these would undermine the credibility of the USM seem wide of the mark.

While some City institutions and companies have made a point of not getting into the USM, the flow of issues has shown no signs of abating and some of the City's best names continue to sponsor the new company. Late in April, the number of companies in the market reached 100 with a combined market capitalisation of £1.1bn.

**Anomalies**

On the whole, the market has worked efficiently although a few anomalies have appeared. For example, a few weeks ago, Markheath Securities, a property company which came to the USM only last August, announced it was applying for a full listing. If it had gone for a full listing directly, it would have faced substantial expenses for advertising, which it has not had to do by using the USM as a brief stepping stone.

Intasun, the travel group, surprised the City when it decided to seek a USM quotation last spring rather than a full listing. With pre-tax profits of more than £10m, it certainly qualifies for a listing, but the owners did not want to part with 25 per cent of their shares. The USM requires that a minimum of 10 per cent of a company's equity be provided to the market.

Another out-sized company is Asprey, the Bond Street jewellers, which reported profits of £2.1m in the half-year to September 1981. The Asprey family, which controls the company, was interested in the tax advantages of the USM. Because it is not a quoted market, capital transfer tax of 30 per cent of USM companies may be reduced by up to 50 per cent in such cases.

Another major feature of the new issue market in the past year or so has been the revival of fixed interest sterling bond issues by foreign bodies, the so-called bulldog bond market. Since the summer of 1980, more than a dozen issues have been made, mainly by governments and their agencies, but including issues by two Canadian companies, Inco and TransCanada Pipelines.

There is still a queue of agencies wanting to come in the market but continuing high interest rates remain a deterrent.

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

# Company profits recovering from last year's catastrophic levels

COMPANY PROFITS in the UK are now recovering from the catastrophically low levels reached in 1980 and, worse still, the first half of 1981, when the real level of profits touched the lowest level ever recorded. Even a second-half bounce left 1981 gross trading profits for industrial and commercial companies — excluding the buoyant North Sea sector — at a mere 10.2 per cent of gross domestic product, compared with more than 15 per cent four years earlier. With stock appreciation stripped out, the proportion drops to 8.3 per cent.

The causes of this decline were manifold. In 1979 the newly-elected Conservative Government was determined to pursue a monetary policy a good deal tighter than those of most other countries, something to which its fiscal policies were most imperfectly attuned. This necessitated a rise in prime corporate lending rates to 18 per cent, two points higher than the level seen in 1976 when sterling had been in free fall.

Quite apart from the direct financial pressure this applied in the British corporate sector, the tightness of money in London relative to all other major financial centres pushed the exchange rate of sterling — already buoyed by Britain's possession of North Sea oil at a time of sharply rising energy prices — to levels at which the domestic manufacturing sector was hopelessly uncompetitive. The adjustment was more painful as British industry had enjoyed more than a decade of unquestioned exchange rate depreciation.

Fiscal policy at this time seemed to favour the consumer at the expense of the corporate sector. Direct corporate taxes in the UK have been low ever since the introduction of stock relief in 1974, but companies were subject to an employment tax, and nothing was done to compensate producers for the

transfer of wealth to the consumer that was implicit in the firming of the pound. Public sector charges, meanwhile, were being recklessly increased, as the Government cut subsidies to the nationalised industries as a means of reducing its own budget deficit, obliging them to raise the prices of goods and services which they were monopoly suppliers. Energy prices were in any case rising quite rapidly.

The Government also paid very large wage increases in the public sector in its first year of office, putting upward pressure on wage costs to the private sector. No wonder that intercasters from the Bank of England downwards were afraid of a squeeze on corporate cash flows as severe as that of 1974-75, or more so.

Companies in general, however, have concentrated on the health of their balance sheets at the expense of reported profits. The high interest rates imposed in the winter of 1979-80 led to a frantic attempt to reduce working capital levels throughout industry.

**Profit reduction**

The process was at first disguised by the steel strike in the first quarter of 1980, which made many steel-users more concerned about security of supply than the cost of carrying inventory. However, once the strike was over, dizzying falls in demand were reported in almost all manufacturing sectors, and the reduction in profits — especially in those businesses with high break-even levels — was even more pronounced.

The attempts to conserve cash meant in many cases that dividend levels — which became more expensive to maintain as the tax shelter provided by reasonable UK profits disappeared — were sacrificed. Expenditure on fixed assets was trimmed, rather than cut back wholesale — although that is in

the nature of long-term capital commitments. At constant 1975 prices, and including assets leased from the service industries by increasingly tax-exhausted manufacturers, capital spending fell from £4.2bn in 1980 to £3.6bn in 1981.

The most striking cutbacks have been in labour and capacity, as shown only too clearly by the very high level of unemployment and the swollen write-offs below the line in companies' profit and loss accounts. At the level of individual companies, this drastic shrinkage was necessary to prevent cash from flooding out, and to ensure profitability at a lower level of demand.

The Government's attempt to reduce the public sector's deficit requires that another sector of the economy should increase its deficit or reduce its surplus. The corporate sector has been determined not to accept this burden.

One by one, the factors that led to the profits squeeze have begun to reverse over the past year. Money is still relatively tight in the UK, in that current short-term interest rates are well above the continuing rate of inflation, but that no longer makes London an international exception. Indeed, British interest rates had to be raised for a while in the autumn of 1981 in order to protect the pound from the ravages of very high dollar interest rates. However, by then sterling had already fallen from a peak of \$2.40 to around \$1.80, a level which it has since more or less held while bank base rates have come down by three percentage points.

At its present level sterling is still over-valued by the standards of 1978, and import competition remains severe. But the UK is no longer the favourite dumping place for internationally traded goods — a particular danger when world recession forces manufacturers to search for new markets in

which they can offload goods at marginal cost. Naturally, the company sector in general finds itself with lower fixed costs, a more competitive position on world markets, a level of capital gearing that is by no means excessive, and a market in which demand is beginning to recover in places.

Naturally, profits are rising sharply, a point that has not been lost on the equity market. Brokers Phillips and Drew estimate that industrial profits grew by almost 30 per cent in the second half of 1981 over the very depressed period a year earlier, and they forecast 30 per cent per annum growth not only in 1982 but in 1983 as well.

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

been placed in liquidation. A Department of Trade investigation has been launched on Euroflame share dealings as well. However, worries in some quarters that failures like these would undermine the credibility of the USM seem wide of the mark.

While some City institutions and companies have made a point of not getting into the USM, the flow of issues has shown no signs of abating and some of the City's best names continue to sponsor the new company. Late in April, the number of companies in the market reached 100 with a combined market capitalisation of £1.1bn.

**Anomalies**

On the whole, the market has worked efficiently although a few anomalies have appeared. For example, a few weeks ago, Markheath Securities, a property company which came to the USM only last August, announced it was applying for a full listing. If it had gone for a full listing directly, it would have faced substantial expenses for advertising, which it has not had to do by using the USM as a brief stepping stone.

Intasun, the travel group, surprised the City when it decided to seek a USM quotation last spring rather than a full listing. With pre-tax profits of more than £10m, it certainly qualifies for a listing, but the owners did not want to part with 25 per cent of their shares. The USM requires that a minimum of 10 per cent of a company's equity be provided to the market.

Another out-sized company is Asprey, the Bond Street jewellers, which reported profits of £2.1m in the half-year to September 1981. The Asprey family, which controls the company, was interested in the tax advantages of the USM. Because it is not a quoted market, capital transfer tax of 30 per cent of USM companies may be reduced by up to 50 per cent in such cases.

Another major feature of the new issue market in the past year or so has been the revival of fixed interest sterling bond issues by foreign bodies, the so-called bulldog bond market. Since the summer of 1980, more than a dozen issues have been made, mainly by governments and their agencies, but including issues by two Canadian companies, Inco and TransCanada Pipelines.

There is still a queue of agencies wanting to come in the market but continuing high interest rates remain a deterrent.

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**

**Justification**

Current cost profitability is improving even more rapidly, given the low level of internal inflation. This gives some justification to forecasts of fairly rapid dividend growth. But many companies which have cut their dividends must be anxious not to return to inappropriately high levels of distribution, especially as a good deal of cash will be absorbed by higher working capital needs if the recovery in demand turns out to be lasting. At present, the high level of share prices should make it easy for most reasonably healthy companies to raise finance through a rights issue.

The image of British industry as "leaner and fitter" is at once a cliché and a caricature. In many cases, as the Government's opponents have pointed out, the leanness is more anorexic than athletic. The country's manufacturing base has shrunk considerably. Yet the shrinkage has not been indiscriminate — it is the weakest units that have been eliminated. With a bit of luck, those that are left should now be able to justify their survival.

**Martin Taylor**



# Banks under fire over loan conditions to firms

"I remember once seeing a cartoon of a banker drawn as a culture feeding on the dead bodies of his customers. How absurd - it could never be true of us," Mr John Quinton, senior general manager of Barclays Bank, May 1982.

WITH the UK economy gripped in the worst recession since the 1930s, the banks have again come under fire for not doing enough to support companies through it and there have inevitably been suggestions that banks have been "pulling the rug" from underneath companies at too early a stage.

The uneasy saga of Laker Airways, Stone Platt and other companies that have run into problems over the past year or two have again brought the banks' critics plenty of ammunition. Should the banks have attached stricter conditions to their loans at a much earlier stage, which might have prevented the victims overstretching themselves? Could the banks not have waited longer before calling in the receiver?

These are the thorny questions that bankers are now facing.

Mr Leslie Pincott, the chairman of Stone Platt Industries, summed up many industrialists' private feelings after seeing the companies had worked so hard at turning round, put into receivership, in a letter to the Financial Times.

## 'Dee sadness'

"The whole management of Stone-Platts left with a deep feeling of sadness and injustice that the system could operate in the way it has. There must be a better way. Whereas the banks have every right to protect the security of their loans, I believe it is also an equal duty of all concerned to see that the rights of suppliers, employees and shareholders are protected if at all possible."

Midland Bk, which called in the receiver, sensitive to these accusations at the bank's annual general meeting earlier this month, a chairman, Sir Donald Barr, put the bank's case.

"In circumstances where companies are in difficulty one has to decide whether a moment has come when one is unjustly jeopardising shareholders' funds in seeking to bolster up a business which in our view was failing. That was the situation with Stone Platt."

"Naturally, Pincott did not agree. When did the institutional investors. They saw the thing differently. But one does not necessarily take the same view (things when one's interests are to some extent divergent."

The banks face a dilemma. They want to stress their identity of integrity with the community at large yet they are pilloried for putting companies out of business and people out of work. Mr John Quinton, of Barclays, says the banks have been fighting for months, even years, to keep thousands of companies going through the worst recession for 50 years.

But still the suspicion lingers that banks could do more, especially at a time when they are making record profits.

The banks' personal lending business is booming. They are also making major advances in the home loan market. But their industrial lending stagnates and plenty of people still believe that they are failing British industry.

The Wilson Committee concluded that few if any worthwhile undertakings have been denied adequate short-term or long-term finance; but concern that this was not the case was vocal enough to mobilise an investigation by a study group of the Conservative Parliamentary Bench Industry Committee.

## Change needed

The study group, which was charged with examining "the terms and conditions of bank lending in Britain and its relationship to industry in general," reported last October.

The report concluded that what was needed was a "fundamental change in the terms on which medium to long-term industrial investment funds are made available in order to provide the stimulus to help to create the confidence necessary for an investment-led recovery. The group advocated a 40% scheme to halve the interest rate cost on new industrial projects.

The group concluded that the high level of interest rate, rather than any lack of access to finance, was the problem. It therefore proposed that interest rates for certain projects should be paid net of corporation tax and that banks should collect the balance from the Treasury.

While variants on the concept of "tax-spared" lending, which was encompassed in the proposal, had been discussed before, the idea received backing to the extent that it was seriously investigated by the present Government.

After several months of inter-

national debate, Sir Geoffrey Howe, Chancellor of the Exchequer, dismissed the idea in his Spring budget. "The selectivity in the remedies proposed would favour lending by the banks, and leading to 'tax-exhausted' companies," he said.

"We have considered these ideas very carefully. But they raise difficult questions of principle, and we are not persuaded that they offer the best solutions to the problems they are designed to solve."

The banks breathed a sigh of relief but they are conscious that they are under scrutiny, especially since so many of their clients are in difficulty. The pressure is on the banks to perform. The issue of whether they are doing enough to help their industrial customers is not likely to go away.

As a result, the banks have been going on the attack in terms of improving their public image with industry. Last July, the Committee of London Clearing Bankers (CLCB), issued a paper entitled: "The Banks and Industry: Some Recent Developments."

For the first time the banks revealed the split of lending between overdraft and term lending and revealed that the proportion of industry's borrowing needs met by the banks has more than doubled since 1977 to 37 per cent.

Between 1976 and 1980 the banks showed that their term lending had nearly doubled to £8.6bn, while short-term overdraft lending was up by only some £3.7bn to £10bn. The CLCB paper also stressed that the banks had expanded the maximum term of their lending.

Two of the banks had formal schemes which provided finance for up to 20 years and although the facilities provided by other banks are normally for periods up to 10 years, all the clearing banks adopt a flexible approach. The paper also went into detail about the clearing banks' new schemes for providing equity finance, export finance and special lending schemes for such sectors as farming.

The banks denied that they were too conservative in lending to highly-gearred companies, a popular complaint. They also replied to the criticism that they are much tougher in terms of their security requirements than lenders such as the U.S. banks, which have been making rapid inroads into the UK corporate sector.

## Clearers more liberal

"There has been a marked tendency for the clearing banks to become more liberal, particularly where the borrowing company can present a well-argued case in its application for finance. The provision of information and forecast obviously increases the amount that a bank can prudently lend without taking security," the banks say.

The banks concluded that "over the past three years industry and trade have had to rely increasingly on the clearing banks, and the banks believe that the record shows they have responded to the challenge."

But a few months later the influential "Hundred Group" of Chartered Accountants returned to the attack, arguing that competition in lending was not fierce enough at a time of high interest rates.

Mr Stuart Graham, chairman of the CLCB's chief executive officers' committee, described the accountants' claims as "inconsistent and unjustified," but the attacks continue. Last March the CLCB replied to its critics with another paper, "Bank Lending and Industrial Investment," which claimed that much of the recent criticism of bank lending practices is based on evidence that is out-of-date, misunderstood or simply wrong.

The critics' main thesis is that UK banks have lent by international standards, too little to industry and that this is explained by their unwillingness to accept gearing levels as high as those abroad or to lend for maturities as long as their counterparts in other countries. The banks replied that these arguments were "gravely flawed."

Nonetheless, the banks have not been totally immune to some of the points raised. For a start, they are issuing more (but nowhere near enough) material on the structure of their lending. More importantly, they have been introducing new lending facilities to suit industry and reorganising their operations to meet more effectively the needs of their corporate customers.

While not admitting the validity of their critics' main arguments, many senior bankers say privately that their services to industry have been improved substantially over the last few years. Barclays and Lloyds, for example, have followed the example of Midland

and National Westminster in setting up corporate banking divisions to meet the specialised needs of their major clients.

They have also delegated more lending authority down the line. Meanwhile, both NatWest and County Bank, and Barclays, through Barclays Merchant Bank, have been developing active merchant banking organisations. These are beginning to make substantial progress in serving the needs of the medium-sized companies, which are sometimes neglected by the accepting houses.

It is probably in respect of small businesses that the banks have been most active. After initial scepticism, they have participated enthusiastically in the Government's Small Firms Loan Guarantee Scheme. "Who wouldn't when you have a Government guarantee if anything goes wrong?" is the view of many senior bankers.

Nearly £100m has been lent since the scheme was launched last June and applications are now running at some 600 per month - twice the expected

number. The banks are still reluctant to admit that the scheme is a success and point out that they have always been big lenders to small businesses and that some of the latest loans are turning sour.

Mr Quinton says that Barclays is lending over £500m a year of new loans to small businessmen and has been doing as much as that in real terms for several years. Similarly, NatWest recently celebrated the signing of its 50,000th loan under its Business Development Loan Scheme. Its lending under this scheme rose by almost 50 per cent last year.

In their enthusiasm to jump on to the small companies bandwagon the banks may in some cases be erring on the side of laxity in their credit assessments of some of the small businesses asking for loans. This could lead to problems in the years ahead. Even so the sums are small in relation to some of the bank's large corporate "problem children."

William Hall



John Quinton of Barclays... "It could never be true of us"



Leslie Pincott of Stone Platt... "there must be a better way"

## Long-term capital for expansion?

Contemplating a management buy-out?

If yours is a profitable operation and you need long-term capital to fund expansion - or for any other reason - Gresham Trust could provide the finance. Naturally you'll want the finance packaged in the way that best suits your needs. But how can you be sure you've got it if you haven't found out what Gresham can offer? Gresham Trust plc, Barrington House, Gresham Street, London EC2V 7TE. Tel: 01-606 6474.

# Gresham Trust

The competitive alternative for long-term capital

## Your Edge in Merchant Banking.

## The Edge:



The Royal Bank of Canada has a global network of over 200 operating units in 45 countries and 3400 correspondent banks. With assets of over U.S. \$70 billion, The Royal Bank is already an established force worldwide.

### Orion Royal Bank

Orion Royal Bank augments this strength with Orion's merchant banking expertise. In international capital markets, in eurocurrency syndicated loans, Orion is recognized for responsive, innovative financial service.

### What can Orion Royal Bank do for you?

Orion dealmakers can offer a new, more dynamic approach to your investment banking needs. For example, in 1977 Orion undertook the first international "tapstock" or multiple tranche issue in the Eurobond market; in 1980 Orion introduced the first equity convertible Eurobond issue for a Canadian borrower; in 1981 Orion created the first SDR denominated

issue since the "basket" was redefined. From capital markets, eurocredits and loan syndications, to leasing and project financing; from mergers and acquisitions to financial advisory services, Orion Royal Bank represents a major force in merchant banking.

Talk to us, and challenge our resources. It's a challenge we welcome.

For your global requirements, contact Orion Royal Bank's headquarters in London or our offices in major financial centres around the world.



# THE ROYAL BANK OF CANADA

## North America's Fourth Biggest Bank.

Area Headquarters: Royal Bank of Canada, London, (01) 920-9222  
Royal Bank of Canada, Paris, (01) 742-02-62

Orion Royal Bank, London, (01) 600-6222







## CORPORATE FINANCE V

Three leading finance directors discuss the problems of coping with the recession.

## Vickers looks to recovery in U.S.

TOM NEVILLE at Vickers has faced the full force of the recession in the engineering and motor industries. "For three or four years we have been battling down the hatches in all our businesses," he remarks. "We are still pursuing the same course."

In publishing its annual report of the beginning of this month Vickers indicated that demand has continued to be patchy. "More than anything else we would like to see the U.S. economy showing a recovery," says Mr Neville.

What is his main task in these circumstances? "To ensure that the units we have operating are generating sufficient cash. It is very difficult in the present climate—cash is even more important than profit."

## Rights issue

However, Vickers has just raised £24m from its shareholders through a rights issue. Mr Neville has respect for the City of London. He says: "In our experience when we've wanted to raise funds we've always been able to do it."

The City, he adds, is highly competitive. "There are times perhaps when underwriting isn't necessary—but there are times when it is."

He considers that the interest rates charged by the banks are fair, given that the banks have to operate in the market. Vickers has good relations with its bankers. "We operate a policy of total disclosure with our banks," an approach that helps the banks to understand the group's point of view.

The banks get quarterly and half-yearly financial statements, as well as details of strategy and plans. "They



Tom Neville

John Clemes

Roy Thomas

have been very helpful."

This is not to say he is happy with the cost of money. "We really would like to see interest rates come down the world over," he says, mentioning countries such as France and Mexico where Vickers has operations. "But we have to learn to live with interest rates and with foreign exchange fluctuations."

Outside Vickers, Tom Neville has just picked up a new responsibility—he has become chairman of the sub-committee of the Accounting Standards Committee which has been given the job of monitoring current cost accounting.

On CCA, he considers that "inflation is the problem, not accounting." He points out: "Current cost accounting isn't going to determine the price you are going to get for your product. But it can answer the question of how much of your profits you are going to distribute. I am in favour of a CCA profit and loss account so that companies do not distribute too much of their earnings."

Barry Riley

## Beer sales prospects cheer Allied

JOHN CLEMES of Allied-Lyons is current chairman of the 100 Group of leading finance directors. He has been closely concerned in his 100 Group role with the publication of papers on the implications of high interest rates and on the finance of nationalised industries, and recently has been involved with discussions on matters like the composition of the Accounting Standards Committee.

At Allied-Lyons Mr Clemes has played a key role in absorbing the ailing and debt-burdened J. Lyons food group into Allied's beer, wines and spirits business, an acquisition which took place in 1978.

Like many other businesses, Allied-Lyons has had to cut back in the recession—it closed down the Ansell's brewery in the Midlands last year, for instance. Even now demand is no better than mixed, but Mr Clemes is moderately optimistic about beer sales.

"There is every sign of the market bottoming out," he says. "Beer will show quite well if we have a reasonable summer." So far Allied is managing to maintain its level of capital spending. "We believe that our particular end of the consumer world will not suffer as much as some."

Allied retains a substantial legacy of debt from Lyons, with group borrowings of the order of £400m last September. This has made the group vulnerable to high interest rates—dollar as well as sterling, because a significant proportion of the group's debt is managed in New York, to match the sizeable U.S. food interests which include the Baskin-Robbins ice cream business.

"Interest rates have been a great dampener on performance in a lot of areas," says John Clemes. "Managing debt is a continuous task. It's a daily job for our treasury department."

B. R.

On the other hand the Bank of England's new regime has allowed Allied to use the bill market extensively at the short end. This has trimmed the cost of borrowing by about a percentage point compared with debt on which interest is linked to interbank rate.

Mr Clemes is now less critical of the big British banks than at the time of the 100 Group report which came out last September. "I think the clearing banks have been improving," he says. "There is a clear willingness to experiment and to compete."

He discloses that in the past year Allied Lyons has been putting quite a lot of effort into improving its relations with its big shareholders, many of whom were publicly unhappy at the time of the Lyons takeover. "It is clearly undesirable to have misunderstandings with the major institutions," he says.

## Fisons finds interest rates too high

ROY THOMAS of Fisons feels very strongly about the level of interest rates. "They are ludicrously high," he says. "The Government should have done quite a lot to bring them down."

He suggests that the high cost of money is having a major effect on investment. "When you are having to pay up to 21 per cent for money the cost of investment that is going to yield appreciably more than that is simply not available in the UK."

Mr Thomas adds that Fisons can find very few immediate projects that will yield a required 25-30 per cent rate of return. This can only be achieved on long-term projects in areas like pharmaceuticals, and then at a very high risk. "There is also concern at the attitude of institutional shareholders. Whereas the senior people in institutions like the Prudential talk constructively about long-term commitments, the junior person, he suggests, is judged on a short-term basis."

"When it comes to the crunch, I don't know whether the day-to-day investment manager is going to be prepared to take a long-term view."

The institutions now hold two-thirds of Fisons' share whereas five years ago the proportion was only half. This has coincided with increasing instability of share price. "We are a much more volatile share than we were a few years ago," says Mr Thomas. The shock abandonment of the anti-allergy drug Frodoxol and the recent sale of the loss-making fertiliser business have had a major impact—down and up respectively—on the share price.

## U.S. tolerance

Last year's dividend cut has scarcely helped. Mr Thomas criticises the UK institutions' thirst for immediate income. "In the U.S. they take a much more tolerant attitude to distribution policy," he points out. "As long as the company demonstrates success in re-

search, U.S. investors are happy to accept a low dividend. A company like ours in the U.S. has a much better chance of building up its reserves."

Roy Thomas is happy about his relationship with the banks, however. "I don't see why the Inland Revenue gets so upset about the banks," he says. "They need profits in their good years in order to build up reserves for the poor years. He believes that the ability of the banks to build up their resources can be good for industry as it enables the banks to "steady the ship" when times are bad."

He is basically in favour of current cost accounting—especially in its potential use in making management decisions. But he has reservations on the grounds that not enough is yet known about the effects of CCA. At present, he suggests, a CCA statement is "nothing more than an interesting memorandum."

B. R.

## Liquidity management the key to corporate treasurer's job

IN THE good old days, when interest rates didn't gyrate and exchange rates didn't dance, corporate treasurers seemed an unnecessary American invention. Today the post has gained new respect among UK corporations, with the result that the ranks of the British corporate treasurers are swelling.

The exact definition of a corporate treasurer's job has yet to be tackled down. In the broadest terms, however, the treasurer links his company to the banking system. His task is to supervise all banking relationships and bank-related services, all foreign exchange transactions and all liquidity management.

The early resistance to establishing the post of treasurer has been increasingly overcome because more companies have found that the treasurer's office can be a profit centre, not a further drain on costs. For example, foreign exchange management was conventionally handled by a company's bank. Now, when a small move in the dollar can wreak havoc on a company's profits, UK companies have found it necessary to have a currency expert within their own corridors.

Early in 1979, the Association of Corporate Treasurers was founded with an initial membership of 300. Today the members number 700 and the association is actively engaged in further defining the role of a corporate treasurer and establishing the post as a distinct profession on its own.

Mr Daniel Hodson, a former corporate treasurer and now finance director of Unigate, says the skills of the trade are developing quickly in Britain. He maintains that the management

of foreign exchange is the most crucial area to be developed.

"This is where big profit and losses can be made, much more so than borrowing," says Mr Hodson, who is a member of the ACT Council.

## Laker's lesson

The collapse of Laker Airways was a good lesson on the need to match borrowings in currencies, but many other companies in less dire straits have called to study foreign currency exposure more closely.

Another area for the treasurer to attack is bank charges. Unigate, for example, estimates its bank charges total seven figures. "The costs are staggering and not getting any cheaper," says Mr Hodson. "The treasurer, he says, can best negotiate these charges and try to contain costs."

Investment appraisal is also part of many treasurers' jobs. In many large companies, any project over the £250,000 level

is referred to the treasurer for approval, thereby bringing the job into the financial management category.

The Association of Corporate Treasurers reckons that no company is too small to have a treasurer if it has any overseas business. If it is a purely domestic company, the association reckons that it can save money by appointing a treasurer if yearly turnover is more than £60m.

At the moment, members are admitted to ACT by oral exam and experience in the profession. It is presently preparing a syllabus, in connection with the Manchester Business School, for school-leavers anxious to study for the trade. The qualifications will require five years of study and work experience. The association is planning to begin holding written exams next year and aims to earn a Royal Charter for the profession.

Carla Rapoport



The financial collapse of Laker Airways earlier this year provided a useful lesson on the need to match foreign borrowings in the appropriate currencies

## We speak corporate finance fluently.

Development capital and banking support are crucial to the growth of any company.

Yet many smaller companies appear reluctant to turn to their bankers.

Among the clients of Japan International Bank, however, there is no such reticence.

Our commitment to personal service ensures that we provide effective solutions for all our clients, no matter how large or small.

This commitment to provide personal service at all costs has been responsible for our rapid growth in the field of corporate finance and for the strong contact base we've established in the United Kingdom and Europe.

So anytime you want to talk corporate finance, remember, we speak your language.



## Japan International Bank

The Language of International Banking

107 Cheapside, London EC2V 6BR.

Telephone: 01-600 0931. Telex: 887853.

Recognised by the Bank of England under the Banking Act of 1979  
Shareholders: Fuji Bank, Mitsubishi Bank, Sumitomo Bank, Tokai Bank,  
Daiwa Securities, Nikko Securities, Yamaichi Securities.

## The Alternative Approach to Banking

# THE HIGHER THE MANAGER/CUSTOMER RATIO THE FEWER DISSATISFIED CUSTOMERS.

We have more managers per customer than the other main High Street banks. That, in our view, is the way it should be, and that's the way we aim to keep it. It gives us distinct advantages over other banks which new customers are quick to recognise; particularly business customers, for whom it is supremely important to have ready access to their local branch management at all times. And at all places. Our managers make a point of visiting customers on their own ground as often as possible, to make sure they have a really thorough appreciation of each particular business and the kind of financial problems and opportunities that can be anticipated.

And the time spent with our management can be that much

more valuable, too, because the tightly-knit way we're structured means that our managers in their turn have ready access to all our top banking specialists, who are always ready to attend meetings, give on-the-spot advice, and when necessary make on-the-spot decisions.

It all adds up to a whole new approach to banking, a refreshing change from the kind of branch management lethargy that is so often generated by ponderous pomposity at the top.

So if you see your bank manager once in a blue moon, don't wait for the next blue moon, come and see us. We welcome dissatisfied customers.

**WILLIAMS & GLYN'S**  
The Alternative Bank.

**"If you run your own business you'll find this booklet interesting."**

**SAN'S BILLINGS**

*"It's called A Topical Look at Small Businesses and it's the latest title in the special series of booklets produced by our Business Information Service. It's designed to provide small business proprietors with ideas on how to become more efficient, maximise profits and reduce tax liabilities, and includes useful information about Government schemes, enterprise zones, counselling organizations and special bank facilities, together with general advice on the day-to-day running of a business."*

FOR A FREE COPY CALL IN AT ANY WILLIAMS & GLYN'S BRANCH, OR SIMPLY POST THE FREEPOST COUPON BELOW.

NO STAMP REQUIRED Post to Williams & Glyn's Bank Ltd, Dept. B15 FREEPOST LONDON SE1 7BL.

Please send me your free booklet *A Topical Look at Small Businesses*

NAME \_\_\_\_\_

TITLE \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

B.S. 119



## CORPORATE FINANCE VI

## Use of risk measures for calculating the cost of company's capital

## DIVERSIFICATION HAS ITS LIMITATIONS

IF PROJECTS were riskless, there would be no problem in identifying the required return. It would simply be the interest rate on riskless investment—say, in short-term Government securities.

In practice, the majority of projects are far from riskless. Since most of us do not like risk, this implies that the required return on equity should be equal to the risk-free interest rate plus a premium for risk. The size of this premium will depend on the extent of the risk, and on how shareholders as a group "price" each unit of risk in terms of the additional return required.

To determine the wholesale cost of meat, we look at Smithfield prices. Similarly, for information on copper prices we refer to the London Metal Exchange. So, by analogy, to learn about the price of risk and hence the cost of capital, we should look at the capital market. The most important market in which risk capital is traded is, of course, the Stock Exchange.

We therefore need to examine what risk means in the context of stock market investments.

Risk means that more things can happen than will happen. Thus when we invest in shares, the returns may be higher or lower than we expect. To reduce the variations in returns, most shareholders spread their risks by investing in a portfolio of shares. Through diversification, certain types of risk are eliminated, namely those related to company (or industry) specific factors.

There are, however, limitations to the power of diversification. When we finally hold every share in the All-Share Index, our portfolio will still be quite risky. So while diversification can eliminate specific risk, it cannot eliminate overall market risk.

We can thus think of any share's risk as having two components. The first is market risk. A share's market risk is measured by its beta

or sensitivity to general stock market movements. For example, a share with a beta of 1.0 tends to move by 1 per cent for each 1 per cent move in the market while a share with a beta of 0.5 is less risky, so that its price tends to move by only 0.5 per cent.

The second element of a share's risk is its specific risk. Specific or non-market risk arises from all those events that are specific to the particular company in question and have nothing to do with general market and economic factors.

This distinction is crucial to an understanding of required returns. Investors do not like risk, and need the prospect of higher returns before they will take it on. But no one needs to bear specific risk—it can be eliminated by diversification. Market risk, on the other hand, cannot be avoided by diversification—it is the fundamental risk of British industry, which shareholders as a group have to bear.

these tell us the beta of a "typical" risk project for that company or sector.

We then need to decide how the project in question differs from this norm. For example, projects which have a high proportion of fixed costs or which are particularly sensitive to general economic conditions, will generally have above average betas. Cost-saving exercises and preventive maintenance programmes, on the other hand, tend to have lower betas. Ultimately, however, the manager has to make subjective judgments about the risk of a project. But even then, the judgment must be about the relevant dimension of risk—the market risk, or beta of the project, and not about its specific risk.

**Risky projects**

The modern approach has four arguments in its favour. First, it ensures that risky projects have a required return which exceeds the riskless rate of interest. Second, it recognises that riskier projects merit higher required rates of return. Third, it distinguishes between market risk (beta) which warrants a higher return, and unrewarded (or specific) risk which can be eliminated through diversification. Fourth, it places less reliance than other approaches on totally subjective inputs.

The use of risk-adjusted re-

quired rates is still relatively new in the UK. However, change is now starting to take place. Few of today's managers can ignore the increasingly competitive climate in which they operate. In an age of inflation and uncertainty, there is a growing awareness of the importance of careful resource allocation and improved investment decisions. At the same time, comprehensive sources of risk measures have now become available so that the new approach can be made operational.

The new approach does, however, not turn investment appraisal into a science. Nor does it replace careful financial analysis with mechanical rules and standard formulae. The cost of capital is, after all, only one aspect of the investment appraisal process. In practice, the problems of project definition and cash flow forecasting are at least as important. These areas involve judgment, and good business judgment can never, and will never, be automated.

The authors are joint editors of the Risk Measurement Service, published by the London Business School, where they are respectively Prudential Research Fellow in Finance and Lecturer in Finance.

Elroy Dimson and Paul Marsh

## 'Buyout' deals an attractive lure for ambitious executives

THEY SAY it takes two to tango. In the past few years, executives buy a major share of the companies they run has emphasised that it can often take three or more to strike a bargain.

Working managers, who frequently want control of the business even when they can raise no more than a tenth of the price, have found ready allies in financial institutions which are willing to fork out most of the necessary money—in the form of debt and preference capital—while taking only a relatively small fraction of the equity.

"Management buyouts," as these institutionally geared transactions have come to be known, were for years carried out in small numbers and for fairly insignificant amounts of cash. ICFE, easily the leading force in the market, did only five such deals in 1976, and 20 in 1978.

The momentum which developed—almost doubling the number of deals every 12 months—has taken ICFE into something like 300 buyouts, 107 of them in the past year.

Since there are now about a dozen other "dealmakers" in the field the stream of buyouts may well be running at 250 a year, while the transactions are becoming ever larger.

A Financial Times survey last October listed a selection of 48 buyouts completed since the start of 1980 involving around £100m of institutional money. Many were quite small, such as £100,000 deals securing businesses in liquor wholesaling, computer maintenance and market research.

Privatisation of the National Freight Corporation—under a price tag of £53.5m—has since lifted UK buyouts on to a much higher financial plane, though without rivaling the US, where \$150m deals are commonplace and some recent "leveraged" purchases have been twice as large again.

Other things being equal, the fact that a price can be struck shows that each party to a deal believes that there is something

in it for him. The advantages of buyouts are quite different for, respectively, managers and vendors, and different again for funding institutions.

Managers get their independence, along with the increased rewards—and risks—of personal enterprise. Often enough their desire to buy the business is sharpened by the knowledge that it will otherwise be closed or shrunk.

In any event, since the managers will be stretching their personal finances to the limit in financing their equity stake in a business they have the keenest incentive to make it perform.

The typical vendor is a diversified industrial holding company. Many conglomerates which were enthusiastically stuck together in the 1970s have reached the point where—even when they are not forced into it by lack of liquidity—divestment is desirable simply on grounds of corporate simplicity.

Groups which sell off subsidiaries to their managers may just have decided that they no longer fit in with mainstream activities and should be helped on their way. Fosco's dowry to its reasonably profitable concrete engineering subsidiary CCL included a loan of £700,000 and payment of the separation costs.

**New owners**

At around £160,000, these were much the same as the equity subscribed by CCL's own managerial owners who, if they can establish a good enough profit record, will eventually own as much as 26.5 per cent of a business valued at £4m.

In another recent buyout, Pentos insisted that the sale of its £3.4m Halls greenhouse subsidiary was a reflection of current group philosophy. "Halls had reached a point where the concentration of independent management resources would best aid its future growth," said Mr Terry Maher, Pentos's chairman.

But he also conceded that the timing of the sale was influ-

enced by the continuing efforts of Pentos to reduce its net borrowings, which—totalling £15m at the beginning of 1981—had been in excess of group net worth.

Why buyouts rather than straight sales, demergers, or other competing devices? For a start, buyouts always bring in cash, giving them an advantage over any solution which involves the vendor in holding corporate paper.

In many cases, managers are willing to take over the business at terms which outsiders would find unacceptable; the basis of the transaction is that the managers are uniquely able to clean their own company up and make it go. Changes in company and financial legislation have certainly made the buyout option more accessible.

More than anything vendors—like the managerial buyers—have been responding to a previously untapped supply of institutional funds.

The institutional providers of capital—including the pension funds of nationalised industries, investment trusts, insurance companies and the clearing banks—are always on the look-out for fresh equity investments. Buyouts have given them a further and very welcome type of project to which they can commit their money.

Mr Jim Finlay, of Prudential Pensions, puts this in perspective: "It is just one type of development capital finance. Funds for buyouts come out of our general budget for unlisted financings; it is not as if there were a specific limit on the amount we invest this way."

Buyouts thus have to compete for funds with start-up projects, and the calculation is that, given a decent spread of buyout investments, the failure rate should be lower, the total return higher than in the financing of completely new businesses.

The performance of experienced well-balanced management teams, even if slightly spotted by the recession, is something to which investing institutions attach considerable value.

Institutions share the

managers' own hope that a business, once bought out, can be made to perform better. But it is only in part a question of unleashing the spirit of enterprise. Small businesses can easily suffer, within large groups, from unfavourable transfer pricing or, if the parent company is greedy, from the obligation to remit cash. If these handicaps are removed the company may be transformed.

Because almost all buyouts are under two years old there can be no real evidence yet as to the viability of companies financed in this way. Encouragingly, ICFE has lost only 11 companies so far. Early results may be flattering; pre-independence stock write-downs and other manipulations of working capital can make for unrepresentably brilliant first year profits.

Mr Robert Smith, of ICFE, says: "The average gearing of these companies is more than five-to-one, which takes an awful lot of paying for." So there are bound to be casualties.

Even so, the concept and mechanics of the buyout are now well-established and applications from managers are coming in faster than ever. Mr Roger Brooke, of Candover Investments, is optimistic: "The number of propositions is up sharply, the same percentage is interesting, and they are getting bigger."

**'Cleaning house'**

He adds that some very large groups are "cleaning house," so many more large-scale buyouts are likely.

With two powerful forces acting to restrict the long-run profitability of buyout financing—free availability of funds and an increasing tendency to finance barely viable projects—it looks as if some of the zing may have started to leak out of the market.

That some of the experienced hands believe, by no means bad thing. Buyouts are likely to remain in the corporate finance armoury even when—some time soon—they go ex-vogue.

Jeremy Stone

TELEPHONE 01-623 1066  
TELEX  
FOREIGN EXCHANGE 65553/4/5  
ADMINISTRATION 65522

LEAF BANK LIMITED  
P.O. BOX 169  
COMMERCIAL UNION BUILDING, ST. HELENS,  
1, UNDERSHAW, LONDON EC3P 3HT

The Arab European Consortium  
for International Banking

LEAF BANK LIMITED

These Securities having been sold, this announcement appears as a matter of record only.

New Issue

April 21, 1982

\$200,000,000

C.I.T. Financial Corporation

15½% Debentures due October 15, 1987

Dillon, Read & Co. Inc.

Salomon Brothers Inc.

Lehman Brothers Kuhn Loeb

The First Boston Corporation

Lazard Frères & Co.

Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group

Bache Halsey Stuart Shields

Bear, Stearns & Co.

Blyth Eastman Paine Webber

Donaldson, Lufkin & Jenrette

Drexel Burnham Lambert

E. F. Hutton & Company Inc.

L. F. Rothschild, Unterberg, Towbin

Shearson/American Express Inc.

Smith Barney, Harris Upham & Co.

Warburg Paribas Becker

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

M.J.H. Nightingale & Co. Limited

Investment Banking Services

27-28 Lovat Lane, London EC3R 8EB  
Telephone 01-621 1212

Corporate Finance Services • Management Buy-outs • Company Flotations  
The Over-the-Counter Market • Lovat Enterprise Fund • Community Hospitals  
Investment Management • Private Placings • Property Company Financings



## CORPORATE FINANCE VII

## Overseas subsidiaries can keep UK parents in profit

MANY UK companies have had good reason to be thankful for their foreign operations over the past three years. As the recession has cut a swathe through domestic earnings, the comparative success of overseas subsidiaries often has kept companies in profit overall and obviated the need for embarrassing dividend omissions. In cases of emergency, they have also provided tidy disposal proceeds to tide over the UK operations.

Very often, the most resilient performance has come from countries which were once coloured red on the map. During 1980, for example, Australia was providing UK companies with rich pickings. Until recently, South Africa was holding up well to the general slowing of growth rates in industrialised economies.

It has not been uncommon for UK companies to report very respectable consolidated earnings, but insufficient UK profits to cover the advance corporation tax on their dividends. The thrust of international expansion has long swung away from the countries which once had colonial links with the UK. In some, such as India and Nigeria, the risks of acquisition have been enhanced by the pressure for local participation and, in some cases, control. In addition, companies face restrictions over the repatriation of earnings.

## Problem in Japan

Elsewhere, particularly in Japan, takeover activity can be made fruitless by the local corporate structure and the difficulty which foreign groups have in penetrating markets. In many developing countries, UK companies are able in good times to generate exceptionally high earnings. But the risks are very great.

Economies dependent overwhelmingly on commodity exports are highly cyclical and, in Brazil for example, hyperinflation has played havoc with the local exchange rate and with the translation of earnings into sterling. On top of that, British companies often need to contend with sharp changes in political direction and unpalatable price controls.

Several major British groups, like Unilever, have learned through long experience to cope with these problems. Others, including Lloyds, have made them their speciality. But the general tendency has been

for the corporate sector to avoid investment in high-risk areas.

During the mid-1970s, Western Europe was the scene of headlong expansion by British companies. But, in several sectors, they came badly unstuck. Acquisitions by food manufacturing and engineering companies have more often gone wrong than right, while the costs of withdrawal have been punitive thanks to employment legislation which is on average much tougher on the employer than that in the UK.

More than ever, British companies are turning to the U.S. for growth. The common language, high reporting standards and an abundance of potential targets have all reinforced the attractions of the world's largest market.

The final abandonment of exchange controls in 1979 extended the options open to a UK company in financing a U.S. acquisition and accelerated the momentum. But fears of nationalisation in Britain had already pushed the corporate sector to look across the Atlantic during the previous Labour administration.

Not that buying companies in the U.S. is a straightforward procedure. Several of the largest deals have succeeded only after expensive and time-consuming wrangles with lawyers and regulatory agencies. Imperial Group defended court actions in most states of the U.S. during its takeover of Howard Johnson while the U.S. acquisitions which the four major UK clearers have made in recent years have all been subject to extensive official scrutiny.

As an illustration of the difficulties, Consolidated Gold Fields delivered 50,000 documents weighing half a ton to the U.S. Federal Trade Commission to support its case for buying a minority stake in Newmont Mining last year.

The track record of companies which have successfully overcome the administrative hurdles has in general been good. The case of Mothercare, which made a large and unprofitable U.S. acquisition in 1976 is more the exception than the rule. It recently helped to push the company into the hands of Habitat.

Companies on the lookout for a U.S. acquisition often retain the services of a British or American investment bank. Among UK merchant banks, the leaders in the field are probably Morgan Grenfell and S. G. Warburg.

Since cutting its ties with Morgan Guaranty last year, Morgan Grenfell has been building up its New York investment banking operation. It currently employs five people in New York to handle mergers and acquisitions business, though the bigger deals are still arranged in London. Unlike most of its competitors, Warburg operates through an associate company, Warburg, Paribas, Becker.

The investment banks operate as clearing houses for acquisition ideas. According to Mr Roger Seelig, a director of Morgan Grenfell, the bank's role is to unearth potential targets and advise on the financial aspects of an acquisition. "I think the companies themselves are better placed to make the commercial decision," he says.

Hanson Trust is a UK company with extremely extensive recent experience of U.S. acquisitions. Its finance director, Mr Martin Taylor, says the group is inundated with suggestions, many of which are turned down on the basis of a telephone call. The company employs two people to search for potential acquisitions on a full-time basis—one in the UK and one in the U.S. — though a much bigger team is mobilised once a deal is under way.

"We don't usually undertake industrial surveys," Mr Taylor says. "But we have a certain number of criteria that we apply. We go to America because we feel comfortable there."

Northern Foods is a UK company which has entered the U.S. market fairly recently and has

gone about finding companies without much outside help. "Once it became known we were there, we were overwhelmed with ideas," says Mr Chris Haskins, a director of the company. "We haven't gone about it in a scientific way, partly because the fees are so enormous."

Northern has found progress in the U.S. harder to make than it had expected. Mr Haskins says the company underestimated the problems of litigation involved in most takeovers.

The problems of SEC regulation also deter UK companies from offering equity to buy public corporations. For private corporations, the same criteria do not necessarily apply, but almost all takeovers are made in cash.

UK companies will almost always fund their U.S. acquisition costs in dollars, to reduce

the exchange rate risk. Very often, the dollars are purchased on the forward market to reduce, further the risk that the eventual acquisition price will be inflated by a rising dollar. This expedient saved Consolidated Gold Fields roughly £50m when it bought its holding in Newmont.

Funding in dollars also carries considerable fiscal advantages, since roughly half the interest payable can be offset against tax on U.S. profits. It is possible to gain a further benefit by making use of what are called "double link" companies. Incorporated in Delaware as subsidiaries with their own equity base, they enable British groups to obtain relief against both UK and U.S. tax.

John Makinson

## Corporation tax yield shows dramatic fall

CORPORATION TAX in the UK is a mess. It is an extremely complicated tax to administer, and its yield is falling dramatically. Excluding North Sea oil and gas, taxes on company income have fallen from about 13 per cent of total central government receipts in the late 1960s to about 5 per cent in the early 1980s.

Even this comparison understates the true decline, as Advance Corporation Tax—which is really a tax on individuals' income—represents a growing proportion of Corporation Tax receipts. The shortfall in mainstream Corporation Tax has had to be recouped by increases in revenue sources based on turnover, such as National Insurance contributions and Value Added Tax.

Real profits in the corporate sector have had a thin time during the 1970s, and this is a partial reason for the level of tax receipts. But it is by no means the whole story. The distortions caused by high inflation rates have been the root cause of more than one crisis where unjust tax demands threatened to create severe financial problems in the corporate sector. The resulting ad hoc changes in the system have made it inflexible and crude.

The authorities now find it difficult to collect taxes even where there are profits. As a result it has resorted more and more to special imposts. The oil

industry in the North Sea has grown accustomed to almost annual changes in its tax regime regardless of whether a government of the Left or Right is in power. The latest sector to find itself on the receiving end of a special tax demand has been the clearing banks, in last year's budget.

A Green Paper on Corporation Tax—promised by the Government two years ago—finally emerged last January. It was a highly cautious, not to say conservative, document. It gave the impression that the Government was reluctant to introduce any full-scale reform to produce a more coherent system. And it does not mean that ad hoc measures to tinker with the present system will be abandoned.

## Review planned

Only last month the Chancellor let the clearing banks know that a thorough review of the form and scale of bank taxation was planned. The reason for this is that the banks have become heavy losers to avoid paying tax in recent years. At one stage it appeared that the authorities had accepted this method of distributing capital allowances round the corporate sector. Now that assumption looks considerably more questionable.

Companies should welcome a system of taxation that raises so little revenue from them, but

there are a number of features that many find disquieting. Firstly, the present ad hoc adjustments allow roughly for the effects of inflation—but a change in circumstances could upset the delicate balance. Secondly, governments will be tempted more and more to resort to arbitrary imposts to catch profits wherever they arise in the economy.

Thirdly, the overall tax charge may be low, but it falls inequitably on some companies. Fourthly, widespread "tax exhaustion" has built up. The current overhang of tax losses is £30bn, and rising at the rate of £5bn a year. This means that some companies cannot take advantage of generous allowances. In particular, the payment of dividends often incurs a tax penalty.

Corporation Tax was first introduced as a separate tax in 1965 on the basis of the classical system, whereby company profits were taxed and shareholders were taxed separately on their dividends. This was heavily criticised because of the bias against paying dividends and the encouragement to excessive borrowing by companies. So the present partial imputation system was introduced in 1973, under which dividends carry a tax credit available to individual shareholders.

Complaints have built up in recent years, however, about

the way in which the system has made UK earnings more attractive than overseas earnings—foreign taxes cannot be offset against Advance Corporation Tax. There have been several instances of companies with high overseas earnings taking over domestic concerns solely for this tax reason.

However, these criticisms pale into insignificance against the ravages caused by inflation. It is all very well to tax nominal historic costs at a 52 per cent rate in a non-inflationary climate, but when inflation is running at between 10 and 30 per cent, much of the historic cost profit is illusory.

Over the years the authorities have reacted to this problem by making a series of ad hoc adjustments to reduce tax bills. In the process they have shifted the tax base a long way from reported pre-tax profits. The two most important adjustments have been capital allowances and stock relief.

Notionally, capital allowances are intended as an incentive for capital investment. Any concern which spends money on a piece of capital equipment can set the full amount against its income for tax purposes, even though the depreciation for a single year charged in the commercial accounts would be only a fraction. In practice, the availability of 100 per cent first year capital allowances has been

used not just as an investment incentive but also as a cough and ready adjustment for inflation. When prices are rising, historical cost depreciation is inadequate to finance the replacement of assets.

## Leasing industry

Such allowances are useless for tax exhausted companies, so a highly sophisticated leasing industry has developed in the last decade to transfer—through the appropriate rates—unused allowances by concerns such as banks to heavy investors such as manufacturers. Growth in leasing was extremely rapid in the five years to 1979; since then it has slowed down and in 1981 there was a decline in volume terms in the UK. It appears that leasing has reached maturity, with the implication that banks will find it harder to shelter their profits from taxation through this route in future.

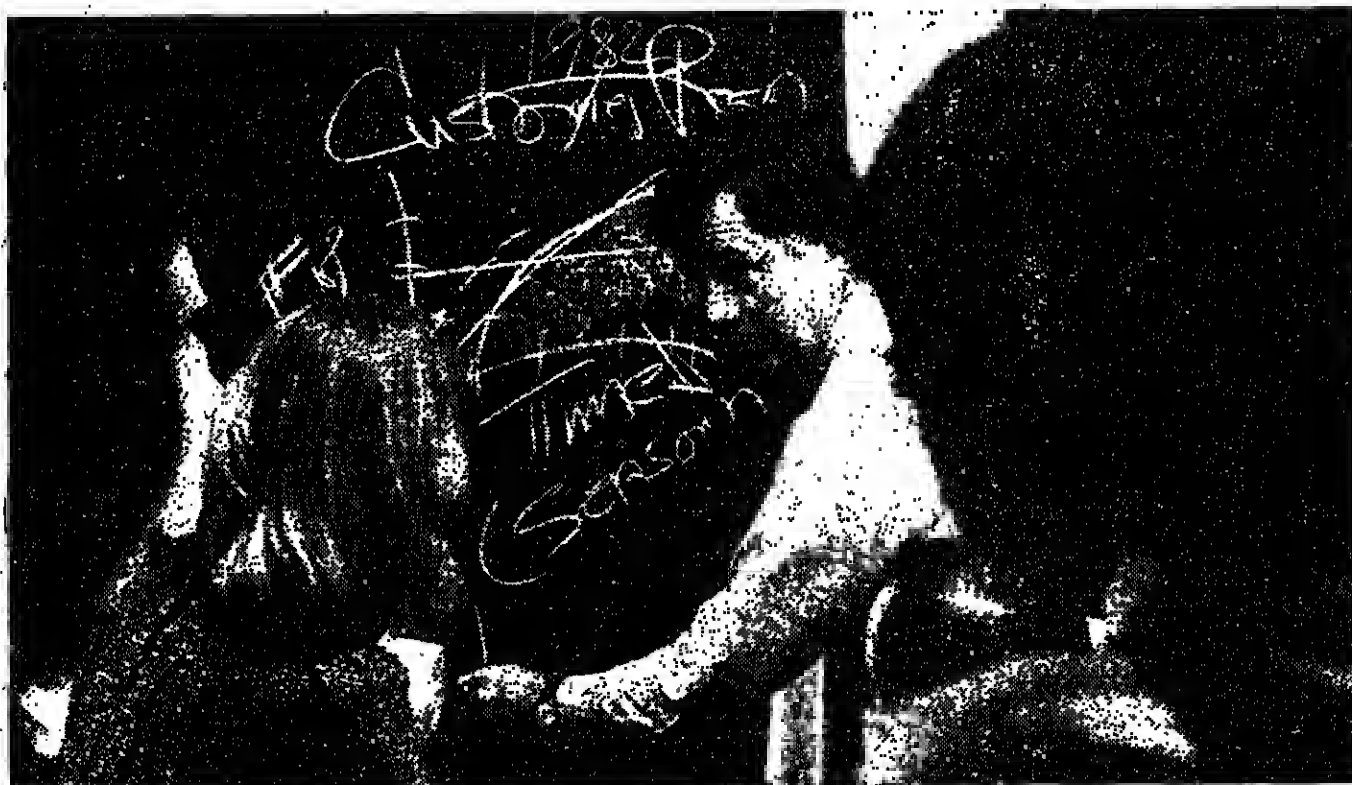
The second adjuster, "stock relief," has had a far less easy ride. It was announced in almost panic in 1974, when the company sector was going through a liquidity crisis and was facing huge tax bills on inflationary stock profits. The "temporary" stock relief allowed companies to subtract from their taxable profits the bulk of the difference between opening and closing stocks in a year. This system was a key

reason for the dramatic drop in tax paid by companies through the latter part of the 1970s. It was open to considerable abuse, as companies could manipulate their stock levels to reduce their tax bills.

The recession brought to light another shortcoming of the system. In the last couple of years companies have been forced to implement heavy cuts to their levels of stocks. This threatened to bring into effect huge tax demands through "clawback" of the relief already given and, a year ago, the government had to bury through a reform to prevent industry from ruinous tax demands. The new permanent system is based on a single price index. A future surge in, for instance, commodities would allow little relief in tax demands for the companies most affected by the surge.

The two realistic alternatives to the present botch-up are to tax current cost profits as defined by the Statement of Standard Accounting Practice 16, or to go over to a system of taxing only distributions to shareholders. The Green Paper shows little enthusiasm for either alternative. So, it appears that companies will be saddled with the present system for the time being—with regular tinkering as circumstances change.

David Freud



Today, changes affecting your business hit you at the speed of light. You need creative solutions to your financial needs—thinking that goes beyond tradition. You belong with a bank in the forefront of change. Chemical Bank.

We still believe in the traditional values of service and reliability. But we're going further, adding increased flexibility and responsiveness, constant innovation; plus all the skills of the newest technologies.

When computers were still the tools of the backroom, we developed ChemLink®, and put global electronic cash management at your fingertips. And we're constantly expanding its capabilities.

Our record on loan response time has

always been good—but that wasn't good enough for Chemical. Aggressive business needs aggressive banking, so our lending groups are organized to initiate even faster decisions on corporate credit.

Our highly skilled banking professionals reflect a new spirit in Chemical Bank—innovative, constantly improving, winning. You'll see it in our performance and in your financial picture.

What Chemical has done yesterday, what we're doing today and what we're working toward for tomorrow are all part of the tradition of giving you the very best banking service. And now, at Chemical, taking you beyond tradition is our new tradition.

CHEMICALBANK

# Chemical takes you beyond tradition.



## CORPORATE FINANCE VIII

# When you're talking about corporate finance printing, talk to the experts at Williams Lea

We specialise in all forms of domestic and international corporate finance printing. Our unique computerised type-setting system now offers direct Transatlantic links with major financial centres in the United States. Worldwide facsimile transmission and courier services.

A team of experienced and knowledgeable sales and production personnel support our total service which is fast, flexible and of course, completely confidential.

For corporate finance, annual report or promotional printing talk to our Sales Director, Eamon Walsh, today.

Printed by Williams Lea

Clifton House,  
Worship Street, London EC2A 2EJ  
Telephone: 01-247 4366  
Telex: 883294 Willea London  
Facsimile:  
Group III 01-247 5125/8993  
Group II/III CCITT 01-377 2158

## Plenty of money for smaller companies

GIVEN the 80 or so Government initiatives specifically to help them and the surge of interest from City and other financial institutions over the past two to three years, small companies can hardly complain these days that they are overlooked.

Money, it would appear, is pouring out of bankers' and merchant bankers' ears to support them. Far from referring to a "financial gap" it is now fashionable to talk about the shortage of good small company "situations" for the comparatively vast supply of cash increasingly being made available for the sector.

It may well be true that those involved in management "buy outs" are now in a much stronger position to bargain with the financial institutions. But the feeling persists among some small businessmen and critics of the City that these institutions often do not fully understand small companies and that their long term commitment is questionable.

It is impossible to know how long the small business bandwagon will continue to roll but it is a fair bet that the City will come along for the ride until it stops moving. The point to emphasise at this stage is that the enthusiasm of many financiers for small firms is as new as the politicians' "lova affair" — and sudden conversions are not always convincing.

### Unquoted sector

There are a number of good reasons why certain people in the City would still wish to be wary of dabbling in the unquoted sector. After all, it was a highly popular pastime in the 1960s among some merchant banks and, while successful for a number of years, many reputations suffered in the 1974 recession as unwanted chickens came home to roost.

Investing in smaller companies got a bad name at that time and many people were persuaded that it was unacceptably risky and insufficiently rewarding.

Only recently has an understanding developed that a large number of new businesses fail — possibly as many as four out of five in the first four or five years — though there is no reliable statistical evidence to back this up — and that small companies take up considerable management time.

Such are not the conditions under which the average UK investment manager normally

operates. Much greater care, therefore, has to be taken with a new or unquoted company than with publicly quoted and closely analysed businesses with a long track record. Much more regular monitoring of performance is required for the management is often likely to be young and inexperienced.

Another feature of small companies is that those which fail usually have to be written off long before the successful ones start demonstrating results. It takes strong nerves to invest in the small business sector and, just as importantly, a fairly sophisticated understanding of the risk reward ratio.

The need to reduce this risk is perhaps the main reason why the merchant banks and others in the private sector tend to have pretty demanding criteria for selecting their investments. In most cases there is little interest in propositions which involve less than say £100,000 or which do not offer the prospect of impressive growth over the first few years.

Entrepreneurs can indeed pick and choose if they have an exciting business plan but a problem remains for the less glamorous company which projects a more modest but nevertheless perfectly respectable increase in profitability. There is not just one "gap" but a series of "gaps" and this is one which perhaps remains to be closed.

Over the last few years there has nevertheless been an impressive increase in the number of institutions prepared to provide specialist finance for smaller companies.

The Industrial and Commercial Finance Corporation has since the Second World War built up a pre-eminent position in the sector but, while its business has continued to expand, it has recently encountered many more competitors in the market place.

Its own shareholders, the clearing banks, have broadened the range of their own services to take in equity and venture capital. Midland's four venture capital subsidiaries and the National Westminster's Capital Deposit Scheme are examples.

Electra House has over the years shown the way for investment trusts but others are now displaying more interest in investing in unquoted companies themselves or at least in supporting specialist institutions to do the job for them. There has been plenty of talk

about the pension funds using their vast resources to back small companies but apart from a couple of notable exceptions they have generally been inclined to pay lip service rather than to act.

The pension funds, like the investment trusts, have realised that backing small companies takes up precious management resources and can demand different skills. However, successful as the result, moreover, the overall impact on a large portfolio will inevitably be small.

The future seems to lie the way of institution-financed smaller specialist funds such as Advent Technology, Rainford and the APA Venture Capital Fund, the first UK vehicle of the U.S. venture capital specialists Alan Patricof Associates which recently raised £10m from a variety of institutional and private investors.

These efforts are all commendable as far as they go but strong doubts remain about whether the private sector is prepared to take the sort of risks required at a time when the shake-out in British industry is throwing up many more bud-

ding entrepreneurs than before. Public sector agencies such as regional development agencies with their own equity resources are one answer but the record of some of those who are pushing money at the sector for political reasons has given fuel to those who believe that market disciplines are essential.

### Start-up scheme

The present Government's policy is to use public funds to encourage the private sector to take a more aggressive lead. Thus the Business Start Up Scheme was introduced in the 1981 Finance Act in order to give individual investors in small companies tax relief at their top marginal rate up to £10,000 (£20,000 for 1982/83 and 1983/84).

The idea here is to breathe new life into Aunt Agatha (or her modern day equivalent) and to encourage individuals to divert some of their resources into industry direct rather than into building societies, insurance companies or pension funds which hitherto seemed to have

had a monopoly of the tax privileges.

Unfortunately, the Business Start Up Scheme has been hedged with restrictions by the Inland Revenue and at this stage the response by individual taxpayers appears to have been small. Investors, however, have shown most interest in the six funds which now enable individuals to pool their money and leave it to professional managers to find suitable start-ups.

The other Government measure which is helping new companies get going is the Loan Guarantee Scheme. This is run through the banks and provides a government guarantee against 80 per cent of an approved loan in return for a "premium" equivalent to 3 per cent paid by the borrower.

The scheme was designed for and is used by existing companies but around half of these companies which have taken up loans have been start-ups. Some observers point out that new companies need equity more than expensive loan finance.

The argument about financial gaps will continue for many

years and protagonists will no doubt continue to debate whether they are being adequately filled.

There is, however, another gap which is possibly in need of more attention. This could best be described as the "management" gap.

Judging by the number of courses and seminars and the amount of anecdotal evidence, more and more people are turning to their own business either as an answer to unemployment or because of disillusion with the structure of a large organisation. An economy which has traditionally been dependent on heavy industry does not always breed good entrepreneurs. While there is no reason to doubt the fair and talent of many people starting up at the moment they need more than just financial support when it comes to running their own business.

That is why the growth of enterprise agencies and other local initiatives are as welcome (where they do not trip over each other) as the new sources of finance.

Tim Dickson

### INVESTMENTS OF INSURANCE COMPANIES: LONG-TERM FUNDS

	Public sector securities*		Company securities†		Other investments‡		Cash and short-term assets (net)		Total net investment
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Closing balance	Net investment	
1979 .....	11,137	8,502	2,185	1,319	1,545	677	1,077	83	4,451
1980 .....	11,366	9,031	3,275	1,961	1,720	552	1,123	46	4,862
1981 .....	14,353	12,038	4,562	2,651	1,990	730	1,537	414	5,905

### INVESTMENTS OF INSURANCE COMPANIES: GENERAL FUNDS

	Public sector securities*		Company securities†		Other investments‡		Cash and short-term assets (net)		Total net investment
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Closing balance	Net investment	
1979 .....	3,352	2,949	654	495	361	222	1,024	208	907
1980 .....	3,203	2,806	914	700	468	385	988	26	769
1981 .....	3,525	2,876	1,144	860	474	293	1,105	107	1,223

### INVESTMENTS OF PRIVATE SECTOR PENSION FUNDS

	Public sector securities*		Company securities†		Other investments‡		Cash and short-term assets (net)		Total net investment
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Closing balance	Net investment	
1979 .....	5,257	3,983	2,861	1,867	467	115	1,222	584	2,911
1980 .....	5,164	3,823	4,381	2,332	536	101	1,647	-185	3,623
1981 .....	4,712	3,744	4,968	3,194	875	136	1,070	22	3,504

\* British government and local authority securities. † Including authorised unit trust units. ‡ Mortgages and loans, property, overseas government securities and other financial assets. Source: British Business.

## Larger institutions under fire for their lack of loyalty

INSTITUTIONAL shareholders are something of a mixed blessing. A source of huge capital sums, they provide vital support to companies and their operations and are an indispensable part of the corporate financial scene.

Last year net investment by insurance companies and private sector self-administered pension funds totalled £10.6bn, representing an increase of 15 per cent on the figures of 1980, when net investments by these institutions totalled £9.3bn.

Together with the involvement of unit trusts, investment trusts and the fund management department of the banks, these institutions probably account for up to 70 per cent of all UK company shares.

But in spite of their importance the institutions are coming under increasing criticism about their role and how they perform it.

All fund managers are under pressure to show good investment performance. In the past few years they have been forced by market end economic changes to re-evaluate their own performance by testing the returns from traditional investment opportunities against a much wider range of investment vehicles which are now available.

The size of holdings of individual institutions, end of the volume of shares in which they wish to trade, is now such that the larger among them may not be able to buy or sell shares without affecting the price.

### Follow-my-leader

The pressure on fund performance has led to almost capricious behaviour by institutional investors in their stock market dealings. The Wilson Report observed in its review of the financial institutions that some of them hesitated their trading on that of certain leading institutions in "follow-my-leader" style.

The report observed that institutions receive their outside research and advice from the same influential stockbrokers and that their own staffs of professional analysts all had the same data available to them and tended to interpret it in the same way at the same time.

The Wilson committee concluded that there was no evidence of collusion between investment managers in the institution attempting to reach a collective view, and although they are far fewer than the many private shareholders they do exist in appreciable numbers, in a variety of institutions with different objectives.

Yet the interests of the funds can rarely balance satisfactorily with the interests of companies in which they invest. The recent spate of "dawn raids"—rapid and predatory purchases of large blocks of shares with a view to an eventual takeover bid—has highlighted a serious dilemma for fund managers.

Effective control of a public company has been secured in a few hours by heavy purchases of shares in a "dawn raid". Having announced their terms bidders have walked into the market and persuaded institutional shareholders that their best interest lay in taking cash immediately rather than waiting for an uncertain outcome of the bid.

There has been no chance for the company under predatory attack to debate the merits, industrial and financial, of the takeover. In this situation, there has been little chance for such companies to issue formal defence documents to their shareholders.

The Council for the Securities Industry, which has a non-statutory responsibility for supervising the behaviour of the London security markets, has decided to curb the raids and introduced a system of checks and balances intended to ensure that large blocks of shares cannot be built up without some cooling off period.

This may satisfy some of the critics of lightning takeovers, but it does encourage the bidding company to become more resourceful and look for loopholes. Moreover, the Council for the Securities Industry cannot create a moral or legislative code for fund managers whose performance is under total scrutiny.

No matter how much the fund managers may protest their undying loyalty to a company whose efficiency they regard highly and whose management they admire, once a bidder has emerged offering a price for the company the fund managers' past loyalties often have to be laid aside.

For the companies the prospect of dealing regularly with 600 fund managers is a frustrating one. Large parcels of their equity, concentrated in the hands of a few institutions, could quickly pass into the waiting hands of a predator. Moreover, the institutions, as shareholders, exert other and more powerful influences.

In recent months some of the institutional shareholders have demonstrated their power as investors. The Post Office Staff Superannuation Fund, together with a number of other institutions, has launched extensive litigation in an effort to block a record golden handshake of

£560,000 paid to a former managing director of Associated Communications Corporation.

The pension funds have forced Habitat to give a clear explanation of its merger with Mothercare and details of the rationale. The pension funds have also persuaded Burton to drop a controversial beneficial property deal for its top executive.

The collective power of the institutions, as large shareholders in companies, is being used in a more public and visible way than ever before, which can be to the positive advantage of the small private shareholders who have no voice.

Even so, there is some unease in the major institutions about using their power collectively and openly to force changes in boardroom decision. While the institutions are enforcing a new accountability among publicly quoted companies, some fund managers are unhappy about acting as a

herd and using combined shareholdings to bring about changes.

In this new environment, companies are more than ever having to pay careful attention to their relations with their investors and seeking improved liaison with them.

Busy executives are not likely to be able to find time to answer all the questions of increasingly interested large institutional shareholders. Investor relations officers are likely to increase in number in the senior managements of many companies.

Already, most companies are careful to ensure that stockbrokers' analysts are fully aware of the significance of certain developments in their trading.

In short, the institutions now realise their full power as shareholders, and companies will not be allowed to forget that power.

John Moore

## 1982 BANKING AND FINANCIAL SURVEYS IN THE FINANCIAL TIMES

Throughout the year the Financial Times publishes a number of Banking and Financial Surveys. Listed below is the programme for the remainder of 1982.

Date	Survey
9th June	WEST GERMAN BANKING AND FINANCE
16th June	AIBD
18th June	PORTUGUESE BANKING AND FINANCE
30th June	LOCAL AUTHORITY FINANCE
1st July	AUSTRIAN BANKING AND FINANCE
12th July	NETHERLANDS BANKING AND FINANCE
13th July	AIBD
18th August	AIBD
6th September	REINSURANCE
7th September	WORLD ECONOMY
13th September	UK BANKING
14th September	AIBD
24th September	CANADIAN BANKING AND FINANCE
D.T.B.A.	FINANCIAL FUTURES MARKETS
4th October	ARAB BANKING AND FINANCE
13th October	AIBD
20th October	INTERNATIONAL FUND MANAGEMENT
27th October	JAPANESE BANKING AND FINANCE
29th October	FRENCH BANKING AND FINANCE
2nd November	SWISS BANKING AND FINANCE
11th November	AIBD
17th November	ITALIAN BANKING AND FINANCE
24th November	EUROPEAN INSURANCE
6th December	NORDIC BANKING AND FINANCE
14th December	AIBD

For further information and advertising rates please contact:

Adrian Blackshaw  
Financial Times, Bracken House  
10 Cannon Street, London EC4P 4BY  
Tel: 01-248 8000 Ext. 3389 Telex: 885033 FINTIM G

## FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

*Royle*  
**Royle City Limited**  
A new Computersetting Service

Producing Corporate Finance documentation?

Are you involved in the production of Annual Reports?

A refreshing outlook on the design, pricing, proofing and printing of all financial documentation is all too rare among City printers.

You need look no further!

Call Colin Brown, Gary Mellish or Bryan Ayton on:

01-253 7654

Fax Kalle Group 3 01-253 2049



BRITAIN'S PROVINCIAL PRESS

# Wrestling with the freesheets

By Alan Pike, Industrial Correspondent

IN ACCORDANCE with the immutable law that if something can go wrong it will, the launch of the highest yet free newspaper in a single city has been blocked for a month by industrial action.

The reasons for the failure of the Clyde Post to reach its projected destination of more than 300,000 homes in the Glasgow area have, however, nothing to do with money, manning or the other industrial relations problems which often affect the introduction of new products. Principles are, in this case, quite genuinely at stake. Principles which go to the heart of a growing debate about the future of one of Britain's most familiar institutions, the provincial press.

The executive of the Society of Graphical and Allied Trades, which is led by Mr Bill Keys, chairman of the TUC printing industries committee, has declared that it will not produce the Clyde Post and another proposed freesheet in Aberdeen because it believes free newspapers are putting the existence of traditional paid-for publications at risk. Scottish Labour MPs have supported the stand and tabled a Commons motion urging the Government to "protect the legitimate press from the threat caused by the uncontrolled growth of free-sheet newspapers."

Free newspapers—publications which are given away and financed out of advertising revenue—are not the only question mark over the future of the provincial newspaper industry. Competition which a few years ago did not exist is closing in from other directions, too. Commercial local radio collects well over £50m a year in advertising revenue, while another £82m is spent by advertisers in local directories. There is also looming over the newspaper industry the threat of cable television which, while it may bring opportunities for collaboration with newspapers, will be another competitor for revenue.

Some advertisers are being lost to provincial newspapers for the most basic of reasons: the impact of the recession. This can be gauged very effectively from the advertising columns of newspapers in industrial towns. A few have lost up to three-quarters of their staple recruitment advertising.

New media like commercial

radio tend to expand as well as merely redistribute the advertising cake. But the provincial newspaper industry's share of the cake is none the less showing a slow but certain decline. This is accompanied by a similar decline on the part of the industry's other vital customer—the reader. Readership of provincial dailies has dropped by 13 per cent since the 1960s.

This year has already seen the announcement of the closure of an evening newspaper—the Westminster Press-owned Evening Mail in Slough—and redundancies and various economies on many others.

The gloom should not be exaggerated. Many provincial papers are still in a good position to show Fleet Street the way on how profitability and technological innovation. It is noteworthy that one of the highest Fleet Street publishers, Reed International, is at present trying to build up what could become one of the most substantial provincial holdings in the country. But provincial newspapers can no longer take their readers, their advertisers or themselves for granted. This is leading to much heart-searching which is well illustrated in the debate about free newspapers.

Newspapers—free or paid-for—require advertising in order to survive. In rough terms, an average paid-for provincial newspaper needs 1½ columns of advertising to support each column of editorial matter.

Free newspapers, which can offer advertisers an appetisingly high level of market penetration by delivering through every door in a locality, are providing the conventional provincial press with fierce competition in the struggle for advertisers. More than 500 freesheets produce an estimated 15m copies a week—they have overtaken the paid-for weeklies which sell, on various estimates, between 6m and 12m copies. The advertising revenue of the free publications—probably something over £90m a year—is also fractionally higher than that of the old-established paid-for competition.

This is not as dreadful for the paid-for newspapers as it looks at first glance because both types of publication are often produced by the same organisation—the Clyde Post, for example, is owned by



Thomson Regional Newspapers, one of the largest provincial groups. About half of all free-sheet advertising revenue goes to conventional newspaper publishers rather than newcomers to the field.

The most striking distinguishing feature between the free-sheets and the conventional newspapers is their cost base. While some free publications provide the same extensive editorial coverage as the conventional opposition, many do not. Operating with almost no journalists and in the words of one union leader "distributed by schoolboys," critics see free-sheets as simply milking away advertising revenue until paid-for newspapers, with their

higher overheads, become uneconomic.

This argument is injecting emotion into the Glasgow dispute. George Outram, publishers of the Evening Times, plans to open a rival freesheet. If Thomson goes ahead with the Clyde Post, journalists in Glasgow fear that the loss-making Evening Times, the only surviving evening newspaper in one of Britain's largest cities, would be crushed to death in an advertising war between the two freesheets.

Not everyone in the industry takes such a gloomy view of free newspapers. Mr Roy Pritchard, managing director of West Midlands Press, believes that by the end of the decade

most weekly newspapers will be distributed free. His own company turned one of its chain of weeklies, the Dudley Herald, into a free newspaper 18 months ago. It is now distributed to 40,000 homes compared with a circulation of 8,000 when it was sold over the counter.

This sort of increase in market penetration gives newspapers the chance of healthier advertising rates. But West Midlands Press has resisted the temptation to downgrade the quality of the Herald and maintains a similar editorial/advertising ratio to the old paid-for days.

But all this begs the crucial basic question of precisely what the modern reader wants from a provincial newspaper. The Newspaper Society, the organisation which represents provincial proprietors, is about to seek the answer through a readership survey which this month launches an ambitious three-year-long project to bring newspapers closer to their readers.

Even before the survey begins, many people in the industry suspect that the answer to what the public are looking for may be embarrassingly obvious—that the local reader wants plenty of straightforward local news.

Mr Frank Barlow, general manager of the big Westminster Press group, which like the Financial Times is a Pearson Longman subsidiary, suggests that the introduction of new techniques like web-offset printing may have led to provincial newspapers tending to concentrate on layout and presentation matters. The company analysed one of its evening newspapers, the Bradford Telegraph and Argus, and found that this approach had over the past 15 years led to a reduction in the number of stories and pictures served up to the reader.

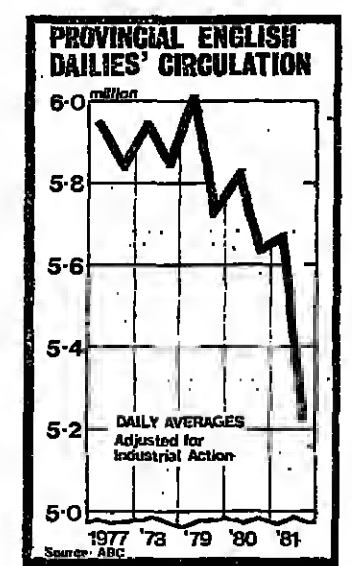
But if the provincial press learns that it needs to take a more locally-based view of editorial matters, it is at the same time dedicated to getting hold of a greater share of national advertising. More money than ever is expected to go in that direction this year, with national advertisers spending an estimated £180m in the regional press.

Newspaper Society offices are ahead of Fleet Street in the need to introduce new technology but, faced with

increasing need to control costs, some managements would like to go further quickly and the society has set up a committee to decide its next move. The route to the biggest savings would be by allowing journalists and advertising staff direct access to the computer systems which set many provincial newspapers. Single keystrokes exist on no British newspaper where there are micro agreements and, although exchanges take place periodically between proprietors and the National Graphical Association—the print craft union—a big breakthrough still seems to be some years away.

The provincial newspaper industry thus faces a future which is uncertain on several fronts. Uncertain, but not uninteresting. Competition for both advertisers and the attention of the public will continue to grow as innovations like cable television develop.

But perversely the free newspapers, a central aspect of the



challenge to the conventional press, are also taking the printed word into more homes than ever—strengthening the press's ability to compete with the electronic opposition. Perhaps the most crucial of all the questions facing the provincial newspaper industry is whether it can turn this fact to its advantage, without sacrificing the editorial standards which the best of provincial newspapers have tried to apply through two centuries.

Lombard

## Caught in the dear food trap

By John Cherrington

APOLOGISTS for the Common Agricultural Policy contend that the higher food prices paid to EEC farmers compared with those on world markets are no more than a sensible premium to ensure adequate supplies in a world with declining resources and an increasing population. But it is fair to point out that, since the days of Malthus, the prophets of universal starvation have been proved abundantly wrong in spite of the growth of population. There is no reason to suppose that they will not be proved wrong again in the future.

It can easily be shown that since the end of the last war world supplies of the basic foods—cereals, meat, milk products and sugar—have generally been in excess of economic demand. There have been temporary shortages of cereals in 1973-74 and sugar in 1974-75 but these were soon corrected. In general, world prices have been weak compared with prices set in the EEC.

A round up of the differences between world and Community prices is instructive. The UK, after all, is still a major importer, although this dependence on imports is lessening as production here is rising or, as in the case of butter, consumption is falling. The present EEC intervention price for butter is £1,998 per tonne, the world price according to New Zealand sources is £1,311. The intervention price will go up by 10 per cent in the review leaving the gap between the world and EEC price even wider than it is.

### Weakness

The EEC sugar intervention price is £290 per tonne, with the present world price below £120. However Britain does import about 40 per cent of total needs from former suppliers at a figure approximating to the EEC price under the Lome Convention. In the case of beef the margin is not so marked with intervention beef in the EEC being priced about 10 per cent above the U.S. domestic market, a major importer. Here again though EEC prices are due eventually to rise by 11 per cent over the next year.

Nor is it true, as the pro-Community lobby claims, that these prices represent those given for residual supplies of doubtful continuity. They are for very large quantities, particularly of cereals and sugar which farmers worldwide are desperate to sell—a situation of which Britain used to take the fullest advantage before joining the EEC.

Paradoxically the weakness of the world's food markets is aggravated by the EEC policy of exporting some of its surpluses with the aid of subsidies without regard to the costs of production. The anger which this policy arouses in almost every food exporting country is very real and it could well isolate the Community to a dangerous degree. The supreme irony is that, having weakened the supplier's market, the Community cannot allow its consumers to enjoy the fruits of these operations in the shape of cheaper food.

### Protection

At present, world prices are so much lower than those fixed in the EEC that UK food manufacturers have been crying out for access to them. But the barriers are formidable. EEC farm prices are guaranteed by an intervention system. These hold up price levels on the home markets. But, to limit foreign competition still further, imports are subject to threshold prices maintained by levies. For instance the cif price for the main feed grain maize, delivered to Tilbury in May was £79.25 per tonne. The intervention price for feed barley (no maize is grown in the UK) is £114.69 and the threshold price below which no feed grain can be imported was £135.45. To make sure that no cheap barley is imported the levy is fixed at £55.32 per tonne for both maize and barley.

Small wonder then that no feed barley is imported; with the market so well protected in favour of the EEC farmer. If the present EEC farm price proposals are agreed the intervention and target prices for cereals will increase by around 5 per cent.

## Letters to the Editor

### The Falklands: analogy with the Peloponnesian War

From Mr R. Sondell

Sir,—Mr Reginald Dale (Lombard, May 13) should be reminded that the Athenian expedition against Syracuse was an act of unprovoked aggression, undertaken without international support, against the colony of another state. Its object was to seize territory and enslave a free people.

To suggest that it is Britain's behaviour, and not Argentina's, that most closely resembles that of Athens requires a feat of intellectual contortion that the turncoat Alcibiades himself might have admired.

Robert Sandell,  
27, Chancery Lane, WC2.

From Mr D. Nimmo

Sir,—Thucydides would be astonished were he able to read the facile comparisons which your columnist Reginald Dale draws (May 13) between the task force and the Athenian expedition against Sicily.

The Athenians intended to conquer the whole of Sicily, while being unaware of the size or population of the island, or "that they were taking on a war of almost the same magnitude" as their war against Sparta and her allies (in Mr Dale's scenario equivalent to the Russians). The doubts of Nicias, one of the three expedition commanders, were thus well founded. Were the British task force attempting to conquer mainland Argentina, while we were in the eighteenth year of a war with Russia, no doubt Admiral Woodward would be similarly dubious.

Even so the Athenians would probably have succeeded had

they not dithered. Thucydides considers much of the blame lay with Nicias for not attacking Syracuse at once and engaging a winter campaign in indecisive engagements. As a result the Spartans were able to send a relief expedition whose first ship arrived just as the Syracuseans were discussing how they could end a war that was going badly for them.

Mr Dale's object is to cast doubt upon our present strategy. But if there is a lesson to be learned from this episode in the Peloponnesian War it is surely that swift and decisive action can bring victory where delay and lack of resolution will almost certainly result in defeat.

D. Nimmo,  
Gowon Park,  
Cupar, Fife

From Mr J. Byrne

Sir,—In the Lombard column (May 13), my current "A" Level friend Reginald Dale failed to point out the most important lesson to be learnt from the Syracuse expedition of 415 BC, if indeed lessons can be learnt from history.

"The Syracuseans, with no kind of help coming to them from the Peloponnese, no longer thought that they could win the war, and were beginning to discuss terms of surrender among themselves and with Nicias." (Thuc VI.103). The Syracuseans, however, did not surrender, owing to the arrival of Gylippus and the Spartans (Moscow and Warsaw Pact) who had originally given Syracuse up for lost but "they now received

more reliable news to the effect that Syracuse was not yet entirely blockaded, and that it was still possible for an army to get into the city by way of Epipolae" (Thuc VII.1).

It was the Athenian (British) failure to complete the blockade, rather than the lack of cavalry (Harriers) which resulted in the Syracusean (Argentinian) victory.

Justin J. Byrne,  
4 Wilton Grove,  
Wimbledon, SW19.

From Mr H. Mygind

Sir,—It is unfortunate that an intelligent paper like the Financial Times could (May 12) even support the BBC's so called "Left Wing extreme" against a so-called muddled Right Wing Jingoism as a sensible representation of the people of this country is an anathema and travesty of the British people.

Eighty per cent of the population and of Parliament supported sending the task force out in some sort of action. I am sure nobody wants it to just come back again for nothing. Most people do not want bloodshed and most people are sad at the whole affair, but I for one would be very sad if this country were not to defend itself against Argentine aggression and the principles that this country has stood for for many years. The BBC and you offend me mightily.

H. H. S. Mygind,  
The Round House,  
41 Sheen Road,  
Richmond, Surrey.

### Prepare to meet the upturn

From Mr A. Brown

Sir,—You often hear or read that companies are much leaner, slimmer, fitter than they used to be and that they are well prepared to meet the upturn of trade when (if?) it comes. Might I look beyond this statement and suggest the following opposition to that view?

Manning levels have been reduced because trade has decreased and the total labour costs (compared with three to four years ago) look relatively good.

A large number of companies have not reduced manning in exact relation to the loss of trade and therefore those employees still in work are not working as hard as they used to and their level of productivity has decreased or remained the same.

When (if?) the upturn comes employers will ask their employees to work harder but the full-time TU officials will ask employers to employ more people.

If employers have not taken the opportunity, during this recession, to introduce the type of wages schemes that motivate employees to work harder then those employees will be sorry.

Many employers will first regret that they ever paid out so much in redundancy and then in an attempt not to increase their labour force to deal with extra trade, they will rush in some "hastily" constructed incentive schemes.

Any "hastily" constructed schemes will, through inherent weakness and lack of safeguards, create drift and rapid increases in labour unit costs.

Will employers repent at their leisure and woe the lost opportunities to prepare "thoroughly" for greater productivity?  
A. R. Brown,  
20, Greenway,  
Totteridge, N20

### Saturday bank opening

From Mr M. Camm

Sir,—Mr John Quinton's statement (May 14) that the staff of Barclays Bank will be "delighted to have money in their hands" for working on Saturday mornings is merely an admission that bank staff are underpaid.

M. S. Camm,  
49 Highfield Avenue,  
Portsmouth, Hants.

### Battery hen cage sizes

From the General Secretary, Compassion in World Farming

Sir,—Your news item "Battery hen system support" (May 7) reports the efforts of John Mauder of the British Poultry Federation to keep cages for hens at all costs—in spite of EEC moves to overcome the cruelty.

In fact, the EEC measures are a meaningless reform—a tiny increase in cage-floor area in the year 1990. At least three of the 10 Common Market Agriculture Ministers are determined to keep cages as they are.

Nevertheless, we shall get rid of cages during the life of this Government or the next. Britain can and must go it alone and take the lead against this cruelty which blights the honest name of agriculture.

Peter E. Roberts,  
20, Lavant Street,  
Petersfield, Hants.

### Accounting for Inflation

From Professor D. R. Myddelton

Sir,—Lex (May 10) suggests that the current cost accounting standard is "under siege." I venture to suggest that CCA has as little business to be on the inflation accounting stage as the Argentine troops have to be on the Falkland Islands. Both are the result of misjudged political adventures.

Current cost accounting is not a system of accounting for inflation: it does not permit comparisons over time ("the essence of judging performance and efficiency," according to Sandilands), it does not apply to smaller companies, nor to certain industries, it is highly subjective and extremely complicated, and it has been explicitly rejected by the members of the Institute of Chartered Accountants in England and Wales.

In contrast, constant purchas-

ing power accounting is a system of accounting for inflation, it does permit comparisons over time, it is completely comprehensive, it is relatively objective and relatively simple, it was recommended by the English Institute in the days before the government interfered with inflation accounting, and it was supported by about two-thirds of the companies responding to a Sandilands questionnaire in 1974.

Politicians—and the companies they appoint—may have other considerations in mind. But accountants concerned solely with the feasibility and usefulness of business accounting should find it easy to prefer CPP to CCA. Opposing CCA is not being obstructive. It is clearing the way for the only genuine system of inflation accounting, namely CPP.

(Professor) D. R. Myddelton,  
Cranfield School of Management,  
Cranfield, Bedford.

It's not every day that you buy a new PABX.

So surely you want a system that will prove both cost effective now, and can be easily adapted for the systems of the future.

Like the ITT Unimat 4080 PABX. The 4080 can do everything your present exchange can do, plus a whole lot more.

The entire exchange is geared towards cost effectiveness.

It uses the most advanced form of computerisation, low cost, high technology micro-processors.

And it has an array of advanced features, such as a control that can prevent those mysterious, and often expensive, long distance calls.

The ITT 4080 PABX caters for over 100 lines, it's compact, easy to operate, and has an ergonomically designed switchboard.

If you're worried about maintenance, forget it. (ITT train British Telecom's engineers.)

The Unimat 4080 was designed by ITT with the ever-changing British market in mind, and has the elegance and style that will reflect your company's image.

ITT Business Systems, as Europe's largest telecommunications company, has a comprehensive range of data, voice and text systems for the future, which can be interconnected for information transfer.

But don't wait for the future, we'll give you a demonstration now. Simply write for more details to: David Evans, ITT Business Systems, Maidstone Road, Sidcup, Kent DA14 5HT, or telephone 01-3007/68.

It's an odds on bet that you'll be very impressed.

**ITT Business Systems ITT**

ITT Business Systems is a leading telecommunications company. ITT is a registered trademark of ITT Corporation.



## Unilever holds profit despite lower volume

A MARGINAL improvement in first quarter 1982 pre-tax profits is reported by Unilever, the Anglo-Dutch soaps, fats and frozen foods company.

Sales by value showed an increase of 5 per cent from £2,899m to £3,039m but sales volume was slightly down, the company says. At the operating level profits were 1 per cent lower at £165.7m but an increase in interest receivable has enabled a small gain to be shown in the pre-tax figure which is ahead from £171m to £172.5m.

After a lower tax charge the profit attributable emerges 13 per cent higher at £86.3m (£77.8m). This comprises £48.6m (£40.7m) from Unilever PLC and £37.7m (£37.1m) from Unilever NV. Combined earnings of the group per 25p of capital were up from 20.94p to 21.77p.

For the whole of 1981 combined sales were £11,589m (£10,155m) and pre-tax profits showed an increase from £572m to £708.5m. The dividend for PLC shareholders was 26.5p net while NV holders received Florins 12.04, subject to withholding tax.

The directors report that in Europe results of edible fats and detergents were down on last year's "exceptionally good" quarter while frozen products and other food drinks were at about the same level as last year. Personal products did well in the quarter while the results of most of the industrial businesses were little changed compared with the corresponding period of last year.



Mr Ken Durbam, chairman of Unilever

In the U.S. results on the whole were about the same as in 1981, the directors say. UAC International's results have not so far been affected by import restrictions in Nigeria and profits were higher than in the first quarter of 1981 with continuing good results in Francophone Africa.

In other countries outside Europe and North America, the directors report a slowdown in growth but results in total were slightly higher than in the first quarter of 1981.

The first quarter pre-tax profit

included share of associates profits lower at £13m (£15.1m) and was struck after interest of £23.8m (£20.8m). The directors explain that the higher interest received of £9.8m (£8.8m) reflects the increase in net liquid funds compared with a year ago. Tax of £79.9m (£88.5m) includes the benefit of stock relief in the UK which was not included until the second quarter of 1981.

CCA operating profits for the quarter are shown at £97.2m (£101.5m) and the attributable profit £38.8m (£30.1m).

See Lex

## Improved position at Whitbread

MEASURES TO protect margins, reduce costs and raise efficiency at Whitbread & Co., brewer, were effective and led to an improved trading position in the second six months ended February 27, 1982.

Pre-tax profits for this period rose from £30.85m last time to £34.65m producing full year figures £8.3m (10.2 per cent) higher at £73.19m. Turnover for the 12 months increased 7.6 per cent from £762.15m to £841.73m.

The company says that there are signs that the recession is hotting out. The decline in beer sales may have started to slow down and given a spell of good weather in the coming months, there is room for cautious optimism.

A final dividend of 3.4p net effectively raises the total payment from 4.46p to 4.9p per 25p share—a near 10 per cent increase. Earnings per share are stated as 14.44p (15.14p) basic and 14.28p (15.07p) fully diluted. At the attributable level, profits available to ordinary holders declined from £59.35m to £46.57m. This reflected a much higher tax charge of £17.24m (£8.26m) and extraordinary debits of £8.26m (£2.37m credits). In addition, minorities increased from £71,000 to £227,000 and £480,000 (£436,000) was allocated to the share ownership scheme.

Ordinary dividends absorb £18.61m (£18.80m). Pre-tax figures were after charging depreciation of £23.73m (£21.37m) and net interest of £13.3m (£17.53m), but crediting exchange gains of £492,000 (£142,000 losses) and trade investment income of £4.23m (£4.05m).

In current terms, taxable profits were £52.3m (£50.8m).

The company says Stowell's Wine Box, a new way of marketing wine in the UK, has proved an outstanding success. Stowell's Langenbach range also did well in a buoyant market for white wines. The merger of Whitbread's soft drinks interest with Bass has now been operating for 18 months and is trading strongly. The strength of the company's extensive product range was demonstrated by brands such as Trough, Heleneken, Stella Artois, Markeson, Gold Label and Kaitenhera Dial Pils, all of which maintained their position in the market. At the same time, its local beers all did well.

Ahead, Long John continued its steady progress in key international markets despite adverse world trading conditions for Scotch. In Belgium, the company's market share was maintained. An important contract for managing the construction of a brewery was secured by Whitbread Technical Services.

Good progress was made with the development of catering in pubs, notably with Beefeater Steak Houses which are now being opened at the rate of one a week and which already number more than 100.

See Lex

## BOC advances 34% at six months

PRE-TAX profits of the BOC Group show an increase of 34 per cent from £33.4m to £44.9m for the six months to March 31, 1982. These figures are calculated on a modified historical cost basis which takes into account additional depreciation on revalued assets. First-quarter taxable results had risen from £14.6m to £21.2m.

Half-yearly profits have been affected favourably by a £4.5m gain from changes in exchange rates, compared with the same period last year. Excluding these exchange gains, the advance in pre-tax profits was 18 per cent. The interim dividend is being stepped up by 12.5 per cent from 2.31p to 2.59p net per 25p share—the total payment for the year ended September 30, 1981, was 5.11p and taxable profits came to £32.7m.

Although difficult trading conditions are expected to prevail throughout the balance of the current year, the board's expectations that profits will rise over those of last year remain unchanged, says Mr Richard V. Girdano, the group chief executive.

First-half sales of the group, whose interests cover industrial gases, welding products, health

care and carbon graphite products, climbed from £143.3m to £763m.

Profits from the group's European businesses, which are principally in the UK, have risen substantially—up 66 per cent on the same period of 1980-81. BOC is benefiting from a slight upturn in trading activity in its main European businesses, but the largest gains have come from improved productivity, the result of programmes implemented over the past three years.

As expected, the deep recession in the U.S. has affected some of the group's businesses there; trading results in its carbon graphite and welding operations, as well as some parts of its gases activities, were sharply down.

However, health care businesses in the U.S. and elsewhere, are having an outstanding year. BOC's companies in Africa and the Pacific have also improved their results, in spite of a slowing down of economic growth in these two regions.

A geographical split of profits shows: Europe £22.2m (£13.4m); Africa £11.2m (£9.3m); America £16.1m (£22.9m); Asia £1.3m (£1m) and the Pacific £16.4m (£13.6m).

Earnings attributable to holders

### HIGHLIGHTS

After writing on the steep fall in the equity market yesterday the Lex column looks at the results of four leading companies. Unilever's figures proved disappointing yesterday, particularly against a strong comparable period. The weakness in consumer spending hit West European sales and sluggish commodity prices showed through in non-OECD countries. Whitbread's figures for the year to February show trading profits barely changed but interest charges are much lower thanks to the sale of the Chiswell Street site and substantial cost reductions helped to offset the decline in beer volume. At BOC reported first-quarter profits are a third higher at £44.9m pre-tax and the dividend is increased by 12½ per cent. Finally Lex considers the preliminary statement from Land Securities—where net asset value is 449p—some way above outside estimates though the dividend payment fell short of expectations.

climbed by 94 per cent to £28.3m. Some £7m of the £13.7m increase was, however, due to overseas tax credits, which are unlikely to recur.

Stated earnings per share on a nil basis were 9.3p (5.54p) undiluted and 9.12p (5.48p) fully diluted. On a net basis, earnings were 8.54p (4.44p) undiluted and 7.97p (4.38p) fully diluted.

The pre-tax figures were struck after depreciation of £60.5m (£48.6m), share of associates profits of £4.5m (£2.7m) and interest charges of £32.4m (£30.2m). Tax charge decreased from £14.5m to £11.9m and minority interests accounted for £4.7m (£4.3m). In current cost terms, pre-tax profits rose by 39 per cent from £33.6m to £46.6m. See Lex

## Land Securities up to £67.4m

INCOME before tax at Land Securities Investment Trust rose from £34.57m to £37.4m for the year to March 31, 1982, after interest payments down from £31.83m to £21.32m. At halfway, income was £31.71m.

Full year total income was higher at £118.2m (£103.9m). A final dividend of 5.85p (5.81p) net per share lifts the total to 8.4p (7.6p). Stated earnings per £1 share were 11.85p (9.94p) basic. The preceding year's dividends have been adjusted for scrip issues share consolidation.

Tax took more at £26.71m (£22.71m).

The directors say that a valuation of £1.85m on the group's portfolio, incorporating the

valuation in the accounts produced a surplus of £149.34m in the book value of the portfolio.

Without adjusting for any tax which would be payable if the properties were sold, the consolidated net assets of the group at March 31 amounted to £1.59m. On this basis, the fully diluted net asset value is given as 449p per share.

As fluctuations in income caused by the development and refurbishment programme could result in a review of future additional income being misleading, especially in the short term, the directors say they have decided not to publish such a review while these circumstances continue.

They propose to change the name of the company to Land

## Metal Closures 'aiming for quality market'

Metal Closures Group intended to concentrate on the segment of the market which was prepared to pay for service and quality, rather than chasing profitless turnover, Mr J. H. Boden, chairman, told the annual general meeting.

The level of activity was still well below capacity at all plants of the group, which was mainly concerned with making and selling metal and plastic products and packaging industry equipment.

But although there was no sign of an upturn, the chairman said, rationalisation and capital spending throughout the group had raised efficiency, and despite fierce price-cutting from competitors at home and abroad, the group had to the best of its knowledge lost no major market share.

### DIVIDENDS ANNOUNCED

	Current payment	Date	Corporation dividend	Total dividend for last year
Fortnum & Mason	19.72	June 29	19.72	39.44
Joseph Holt	7	July 23	5.5	12.5
Whitbread & Co.	3.4	July 23	3.07*	6.47*
A. F. Bulgin	0.77	July 29	0.77	1.54
Bishopsgate Trust	2.3	July 29	2.17*	4.47*
Barclay	0.3	Oct 1	Nil	Nil
Western Selection	1.7	Oct 1	0.1	1.8
Weeks Assoc.	2.6	Oct 5	2.31	4.91
BOC Group	Nil	Aug. 6	0.7	0.44
Sellincourt	1.35†	Aug. 6	1.35†	2.70
Matthew Brown	1.35†	Aug. 6	1.35†	2.70
Land Secs	5.65	July 16	5.65	11.30

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

### M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82	Company	Price	Change	Gross Yield	P/E	Fully
130	100 Ass. 841 Ind. CULS	129	—	10.0	7.8	—
75	42 Airspan	72	—	4.7	6.6	11.4
51	33 Armstrong & Rhodes	122	—	4.7	10.0	3.6
205	187 Baidon Hill	204	—	3.7	4.8	8.9
107	100 CCL 11pc Conv. Pre	107	—	15.7	14.7	—
258	240 Codex Group	258	—	2.4	10.9	10.7
104	81 Odebrecht Services	62	—	6.0	8.7	3.1
131	37 Frank Horsell	129	—	6.4	5.0	11.6
83	Frederick Parker	83	—	6.4	5.0	3.3
78	46 George Blair	54	—	6.4	5.0	3.3
102	82 Ind. Precision Castings	59	—	7.3	7.4	7.1
108	100 Isis Conv. Pref.	109	—	15.7	14.7	—
113	34 Jackson Group	113	—	7.0	7.0	3.1
130	108 James Burroughs	113	—	8.7	7.7	8.2
334	238 Robert Jenkins	242	—	31.3	12.9	3.4
57	51 Scudlowsky	57	—	5.3	7.5	3.2
222	159 Torday & Carlisle	159	—	10.7	6.7	5.1
15	40 Twinklax Ord.	14	—	15.0	18.8	—
66	200 Twinklax 11pc ULS	66	—	6.0	12.0	4.5
144	35 Unilink Holdings	80	—	6.4	7.8	5.4
103	73 Walter Alexander	82	—	6.4	7.8	5.4
263	212 W. 5 Yeates	232	—	14.5	6.3	12.1

Prices now available on Prestel page 48145.

### CO-OPERATIVE BANK LIMITED

US \$25,000,000

Floating Rate Capital Notes 1986

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 18th May, 1982 to 18th November, 1982 the Notes will bear an interest rate of 15% per annum with a coupon amount of US\$76.67

London & Continental Bankers Limited Agent Bank

## THE SIGN OF A UNIQUE INVESTMENT

**Bede Securities LIMITED**

Telephone or write to Alexander Jones, Managing Director Bede Securities Limited, 3 St. James's Square, London SW1Y 4JU. Tel: 01-930 5064 Telex: 261250 Bede G.

Futures Fund Management

# The EXTRA contribution.

Last year was very tough. Just look how many of the world's important economies were in recession.

Yet it was the 15th successive year of growth in sales, profits and earnings for BTR.

That's very good for our shareholders — but the special value of our efforts lies in the extra contribution we make to the good of the country as a whole.

**BTR**

BTR plc Silvertown House  
Vincent Square London SW1P 2PL  
01-634 3848

مكتبة في لندن



## Matthew Brown advances to £2.3m at six months

INCLUDING INTEREST receivable this time of £140,000, compared with a charge of £48,000 last time, first-half taxable profits of Matthew Brown, brewer, improved from £3.01m to £2.33m.

The directors explain that the turnaround in the interest figure was a result of investing the December rights issue monies not yet deployed.

Turnover for the 26 weeks to April 3 1982 was up by some 14 per cent to £15.9m (£14.02m), resulting largely from a significant increase in duty on the group's products. Trading profits advanced by around 7 per cent to £2.66m (£2.45m).

Stated earnings per share moved ahead to 7.37p (6.58p adjusted) and the net interim dividend is being held at 1.35p on the enlarged share capital—a final 5p was paid for 1980-1981 from pre-tax profits of £5.04m.

Mr P. W. Townsend, the chairman, makes no forecast for the second six months. He says first-half sales volume was down

but with a reported national decline in beer production of 6.6 per cent for the period the group's own downturn of 3.2 per cent does suggest that it gained some additional share of a "very depressed" market.

The chairman adds that the extra duty imposed in March has not helped trade which remains unexciting. He points out that the group's own prices, net of duty, have not been increased since September 1981 and the objective is to hold prices for the rest of the year and further improve the group's trading outlets.

First-half pre-tax profits were struck after depreciation of £558,000 (£450,000) and included property disposal of £82,000 (£92,000). Tax took £931,000 (£865,000).

### comment

In the contracting beer market Matthew Brown is having to work hard to hold the volume decline. Currently the company is gaining ground in the free trade business but the cost of this battle can be

seen from the 46 per cent jump in loans to customers to £2.45m reported in last year's annual accounts. On the tied houses, gains rely very much on revitalising trade through refurbishment which is rapidly absorbing the rights issue funds. Fortunately only a quarter of the group's trade is in the severely depressed Cumbrian region but overall there are, so far, no signs of a sustained rise in demand. The only bright spot being the increase in larger production—now accounting for over 21 per cent of group total draught sales. Most of the gain from the September 3p-a-pint increase will have worked through in the first six months. So the decision to freeze prices will mean costs though rising more slowly than in the recent past, will weaken margins. The effects of refurbishment aside, performance in the second half will depend very much on the weather. Certainly the sun was shining on the shares yesterday which rose 6p to 186p for a fully tax-historic p/e of over 14.

## Selincourt drops to £0.37m and omits final: better prospects

THE CONTINUED deterioration in market conditions combined with rising interest rates in the second half of the year have blunted the recovery expected at Selincourt, the textile and garment manufacturing group.

For the year ended January 31 1982 pre-tax profits have fallen from £839,000 to £375,000, on slightly lower turnover of £57.02m (£57.58m). Second-half taxable figures show a reduction from £367,000 last time to £173,000.

In view of the year's results and in order to conserve cash resources, the board has

decided to omit the final dividend. The interim payment of 0.441p net per 5p share therefore compares with the previous year's total of 1.141p.

However, the board does view the current year with more confidence and although it is too early to quantify the likely improvement expected in profitability, it is hoped that the level of profits in the current year will permit a restoration of the ordinary dividend.

Interest charges were little changed at £2.63m (£2.64m). With tax up from £367,000 to £555,000 and minorities taking

£8,000 (£11,000) there was a loss of £188,000 before extraordinary items, compared with a £461,000 profit.

The programme of restructuring and rationalisation undertaken during the last two years has, for the most part, been completed. Extraordinary items—down from £1.16m to £0.51m—reflect the further costs incurred throughout the year, including final residual losses in Suede and Leathercraft.

Stated loss per 5p share has decreased from 0.88p to 0.37p. In current cost terms, the pre-tax loss was £734,000 (£756,000).

## Fortnum & Mason ends higher at £269,000

A SUBSTANTIAL improvement in operating results was shown by Fortnum & Mason which the directors state was behind a rise in pre-tax profits from £119,000 to £269,000 for the year to January 31 1982, compared with the previous 53 weeks.

They say that sales in the second half remained static during a period of refurbishment immediately prior to Christmas, compared with the previous year.

The directors add that there was an exceptional level of non-recurring costs for the year, mainly associated with the refurbishment of the ground floor, the revenue element of which had totalled £134,000.

The final dividend for this close company of 19.72p repeats the year's net total at 23.22p. At the interim stage pre-tax losses amounted to £123,000 on sales of £3.53m.

Sales for the year were higher at £8.59m, against £8.42m. At the trading level losses were shown but they were reduced from £322,000 to £81,000. Interest receivable was lower at £350,000 (£441,000).

Tax took £179,000 (£183,000). On a CCA basis attributable profits emerged at £30,000 compared with previous losses of £134,000.

Fortnum & Mason's ultimate holding company is Wittington Investments.

## Electra Risk Capital invests in plastics

Electra Risk Capital has subscribed £225,500 for 50 per cent of the equity of Acutech International, under the terms of the Government's Business Start-up Scheme.

Acutech will manufacture plastic extrusions which accurately copy the grain and finish of different woods. The building and interior decoration industries are two markets the company aims to exploit.

Mr Michael Kirkby, the managing director of Acutech, will hold the remaining 50 per cent of the capital. An Electra nominee, Mr John Harrison will become the part-time executive chairman.

## MINING NEWS

## CRA arranges £150m of big new borrowings

BY KENNETH MARSTON, MINING EDITOR

WHILE WAITING for the current world recession to pass the Rio Tinto-Zinc group's 57.2 per cent-owned Australian arm, CRA, is cutting back expenditure as are the other major mining groups. But mining is very much a forward-looking business and CRA is thus also arranging financing for its major new long term projects.

These include the big Tarong and Blair Athol coal projects in Queensland and the Ashton diamond joint venture in Western Australia. It is now reported that CRA has arranged a £150m (£150m) multi-currency loan facility for the development of Tarong.

The lenders will have limited recourse to project cashflow and assets while the loan, lead

managed by the Bank of New South Wales, will be drawn down in two parts. No interest rates have been disclosed.

Participants in the loan are: Bank of New South Wales, Australian Industry Development Corporation, Bank of America, Banque Nationale de Paris, Commercial Banking Company of Sydney, Commercial Bank of Australia, Commonwealth Trading Bank of Australia and the National Bank of Australasia.

The Tarong complex is contracted to supply 86m tonnes of coal to the Queensland State Government's Tarong power station over 16 years from July 1984. Loan repayments will begin in 1986 from project cash

flows with the final repayment due in 1993.

At the recent annual meeting in Melbourne Sir Roderick Carnegie, the CRA chairman, said that the group was well advanced in moves to borrow some A\$800m, about half of which would go towards boosting the group's working capital. The rest would be used for the new coal and diamond projects.

He stressed that no call would be made on CRA shareholders for new cash in the near future, although the group is suffering its worst trading conditions for over 20 years. Last year earnings dropped to A\$12.5m from A\$17.5m in 1980 and Sir Roderick forecast that CRA would suffer a loss in the first half of 1982.

## Another cutback by De Beers

AS PART of its plan to reduce long-term capital spending, in response to the worldwide slump in diamond demand, De Beers has decided not to go ahead with proposed major expansion at one of the group's South African mines.

The Premier mine, close to the South African capital, Pretoria, has been in production since 1903. Apart from its function as a leading producer of industrial diamonds, Premier has yielded several famous gemstones, including the 3.106 carat Cullinan, the Niarchos and the Taylor-Burton.

Some years ago, De Beers established that Premier's kimberlite pipe continued below an 80-metre thick intrusion of waste rock known as the Gabro Sill, with enough ore to carry the mine through at least another 50 years of operation.

It is principally development below the sill which has been hit by the group's latest proposed reduction in capital spending, which has resulted in the laying-off of almost 500 people, or about 12 per cent of Premier's workforce.

De Beers hopes that most of these people will be absorbed into other group operations, or possibly by its sister company Anglo American Corporation. The expansion programme will be reviewed from time to time in the light of the prevailing conditions, and meanwhile Premier's diamond output of around 2m carats a year will not be affected. For comparison purposes, De Beers' Letseng-la-Terai mine in Lesotho, which announced on Friday that it will close in a few months, produces just 53,000 carats a year.

## Northgate's larger first quarter loss

LOW METAL prices combined with high interest charges to give Canada's Northgate Exploration a loss in the first quarter of 1982 of C\$4.82m (£2.14m), compared with a profit in the first three months of last year of C\$65,000.

The latest result represents a worsening against the loss of C\$3.68m sustained in the final quarter of 1981.

The group's three new mines in the Chibougamau area of Quebec, Copper Rand, Portage Island and Lemouine, producing copper, gold, silver and zinc, recorded a small operating profit.

These mines were acquired from Patino of the Netherlands during the third quarter of last year, giving Northgate a new metal-producing base to replace the closed Tynagh operation in Ireland.

Mr Patrick J. Hughes, the group's chairman, told the annual meeting that the three new mines have "the potential to serve us for many years in the future."

However, he warned that the prospects for significant profits in the short term are masked by

the current unusually depressed level of metal prices, and added: "Financially, 1982 will not be a good year."

## AUSTRALIAN OIL HOPES

Approximately four barrels of oil have been recovered from initial testing of the Kibee 1 exploration well drilled in the Eromanga sector of Queensland's Cooper Basin. The oil was produced following a two-hour drill stem test of the interval 961 to 972 metres.

Kibee 1 is currently at a depth of 986 metres and is located in ATP 267P, 16 km southeast of the Jackson oilfield. A second drill stem test—over the interval 971 to 986 metres is now being carried out.

Interests in ATP 267P are Banner Petroleum, 30 per cent, Elph Oil and Minerals, 17.5 per cent, Offshore Oil, 12.5 per cent, Northern Michigan Exploration, 12.5 per cent,

## Vehicle sales rescue Messina

SOUTH AFRICA'S Messina lost R5.8m (£2.89m) on its long-established copper mining operations in the six months to March 31. But thanks to the important industrial interests, which include the franchise for the assembly of Datsun vehicles, the company achieved a profit for the period of R18.4m against R15.7m a year ago.

The interim dividend for the current year to September 30 has been maintained at 22.5 cents. A total of 60 cents was paid for the previous year to last September when earnings totalled R34.7m.

However, Messina expects a fall in earnings for the second half of the current financial year. It is pointed out that no improvement is likely on the mining side while motor vehicle sales have declined in line with the general economic downturn.

In addition, vehicle profit margins have been reduced following the devaluation of the rand and the imposition of the South African import surcharge.

## The Wellcome Foundation Limited

Interim Report 1982

GROUP PROFIT AND LOSS ACCOUNT SIX MONTHS ENDED 27 FEBRUARY 1982

	1st half 1982 £m (Unaudited)	1st half 1981 £m	Full year 1981 £m
Sales to outside customers	281.6	227.1	500.3
Profit before taxation	30.3	24.5	50.1
Taxation	10.6	8.3	17.0
Profit after taxation but before extraordinary items	19.7	16.2	33.1
Proportion of subsidiaries' results attributable to minority interests	0.3	0.4	0.4
Profit before extraordinary items attributable to The Wellcome Foundation Limited	19.4	15.8	32.7
Extraordinary item	—	—	0.4
Profit attributable to The Wellcome Foundation Limited	19.4	15.8	33.1

Notes: Profit before taxation is after charging:

Research and development	30.9	24.0	52.0
Interest payable less receivable	6.7	6.0	13.0

Group sales for the first half of the financial year amounted to £281.6m and were up 24% on the corresponding period last year. Sterling weakened considerably during the second half of last year and this must be borne in mind in comparing the results for the two half-years. Approximately 50% of the increase in sales is due to changes in currency movements between the two half-years. In this half-year, sales to UK customers were maintained at 15% of total group sales so, because of the predominance of sales overseas, changes in currency movements have a considerable effect on overall group sales expressed in sterling. Profit before tax amounted to £30.3m, an increase of 24% which is in line with the increase in group sales.

The expenditure on Research and Development has continued at a similar rate and is now 11% of group sales. The capital expenditure programme has been maintained and during the first half of the year the expenditure amounted to approximately £17.0m. The extension to the pharmaceutical factory in Pakistan was completed and the new facilities were formally opened last January. The launch of our new product 'Zovirax' is proceeding, and the first major launch took place in the United States at the end of April. This substance has a unique type of action against herpes viruses.

A. J. Sheppard  
Chairman



Wellcome

The Wellcome Building, PO Box 129, 183 Euston Road, London NW1 2BP

THE TRING HALL  
USM INDEX  
122.9 (-0.1)  
Close of business 17/5/82  
BASE DATE 10/11/80 100  
Tel: 01-638 1591

LADBROKE INDEX  
Close 575-580 (-11)

## Land Securities

Summary of Results for the Year ended 31st March 1982  
(Subject to final Audit)

	1981 £'000	1982 £'000
Total Income	118,204	103,894
Net Rents and Interest Receivable	88,713	76,696
Net Income before Taxation	67,397	54,869
Taxation	26,709	22,370
Earnings after Taxation available for Distribution	40,688	32,499
Dividends per share paid (2.75p) and proposed (5.65p)	8.40p	7.60p*
Earnings per share	11.88p	9.94p*
Dividend cover—times	1.41	1.26

\*The dividends and earnings per share for the year ended 31.3.81 are stated after adjustments to reflect the 1 for 4 Capitalisation issue in July, 1981.

The Knight Frank & Rutley valuation of the portfolio as at 31st March, 1982, totalled £1,847,768,000. Incorporating the valuation in the Accounts produced a surplus of £149,342,000; the resultant fully diluted net asset value per share is 449p.

The aggregate capital commitments at 31st March, 1982, amounted to £108,300,000 which includes expenditure on developments which will be phased over varying periods to completion.

The build up in the programme of developing and refurbishing buildings within the portfolio will affect rental income in the short term and interest receivable will decrease as funds are expended on the works. Moreover, it is expected that in the future the rate of tax charge will increase because of lower allowances. Bearing in mind these factors, the Directors, in proposing the increased distribution for the year, have considered it appropriate to raise the dividend cover.

As fluctuations in income occasioned by the development and refurbishment programme could result in a review of future additional income being misleading, particularly in the short term, the Directors have decided that such a review should not be published while these circumstances continue.

Further information concerning the Group's portfolio and a list of the property holdings valued in excess of £2,500,000 will be incorporated in the full Report of the Directors and Accounts for the year which will be despatched to Shareholders in early June. Non-Shareholders who would like a copy are requested to write to The Secretary:

THE LAND SECURITIES INVESTMENT TRUST LIMITED  
Devonshire House, Piccadilly, London W1X 6BT

## Unilever results

The Directors of Unilever announce the results for the first quarter of 1982

UNILEVER COMBINED RESULTS ON AN HISTORICAL COST BASIS (£ millions)

	1982	1981	Increase/ (Decrease)
SALES TO THIRD PARTIES	3,033	2,885	5%
OPERATING PROFIT	165.7	168.8	(2)%
Concern share of associated companies' profit before taxation	13.0	15.1	
Income from trade investments	0.9	0.1	
Interest	(7.1)	(13.0)	
Interest on loan capital	(16.7)	(16.8)	
Other interest	9.6	3.8	
PROFIT BEFORE TAXATION	172.5	171.0	1%
Taxation on profit of the year	(81.4)	(88.4)	
Taxation adjustments previous years	1.5	(0.1)	
Outside interests and preference dividends	(5.1)	(4.7)	
Profit attributable to ordinary capital	87.5	77.8	12%
Difference on translation of 1982 results at end March 1982 rates of exchange	0.8	—	
PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL	88.3	77.8	13%
—PLC	48.6	40.7	
—N.V.	39.7	37.1	
Combined earnings per share — per 25p of capital	23.77p	20.94p	13%

UNILEVER COMBINED RESULTS ON A CURRENT COST BASIS

	1982	1981	Increase/ (Decrease)
OPERATING PROFIT — Historical cost basis	165.7	168.8	
Adjustments to depreciation, cost of sales, monetary working capital and other required to obtain current cost operating profit	(68.5)	(67.3)	
OPERATING PROFIT	97.2	101.5	(4)%
PROFIT BEFORE TAXATION	115.1	114.8	—
PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL	38.8	30.1	29%
Combined earnings per share — per 25p of capital	10.45p	8.10p	29%

Note: The gearing adjustment has been taken into account in arriving at the profit before taxation.

Exchange Rates. The results for the quarter end the comparative figures for 1981 have been translated at comparable rates of exchange. These are based on £1=F.4.72=U.S. \$1.51, which were the closing rates of 1981. An exception has been made for the results that have arisen in hyper-inflationary economies, which for the current quarter have been translated at forecast closing rates for 1982. The profit attributable to ordinary capital for the current quarter on both an historical and current cost basis has been translated at the rates of exchange current at the end of March 1982 being based on £1=F.4.77=U.S. \$1.78.

Results. In the first quarter of 1982 sales value was 5 per cent higher than in the corresponding quarter of 1981, but sales volume was slightly down. Operating profit was 2 per cent lower.

In Europe results of edible fats and detergents were down on last year's exceptionally good quarter, while frozen products and other food and drinks results were at about the same level as in 1981. Personal products did well. Results of most of the industrial businesses were little changed as compared with the corresponding period of last year.

In the United States, results on the whole were about the same as in 1981. UAC International's results have not so far been affected by import restrictions in Nigeria and profits were higher than in the first quarter of 1981 with continuing good results in Francophone Africa.

In the other countries outside Europe and North America, growth has slowed down but results in total were slightly higher than in the first quarter of 1981.

The higher income from other interest reflects the increase in net liquid funds compared with a year ago. Taxation of the year includes the benefit of stock relief in the United Kingdom, which was not included until the second quarter of 1981. This substantially accounts for the larger increase in profit attributable.

17th May, 1982

Part of everyday life, in 75 countries.



## Companies and Markets

## BIDS AND DEALS

Higgs and Hill  
PLC

## 1981 Results—A Record

Pre tax profits up 73% to  
£3.6 million

Proposed total 1981  
dividend up 35% to  
6.5 pence per share

Earnings per share up  
44% to 30.3 pence

Net assets per share up  
13% to 239 pence

Directors' full confidence  
in prospects for 1982

Year ended 31st Dec:	1981	1980
Turnover	£127m	£122m
Profit before Taxation	£3.6m	£2.1m
Dividend	6.5p	4.8p
Earnings per share	30.3p	21.1p
Net Assets per share	239p	212p

Copies of the Report and Accounts for the year ended 31st December 1981 are available from: The Secretary, Higgs and Hill plc, Crown House, Kingston Road, New Malden, Surrey KT3 3ST. Tel: 01-942 8921



**The International  
Construction and Property Group**  
London Leeds Coventry Bristol Plymouth Falkirk  
France Trinidad Egypt

Buyer of Grindlays  
stake to be revealed

GRINDLAYS HOLDINGS, the company which owns 51 per cent of Grindlays Bank and is 41 per cent owned by Lloyds Bank, expects to learn tomorrow who has bought an 11 per cent stake in its equity.

Mr Alex Ritchie, chief executive of Grindlays Holdings, said yesterday he was told on Friday of the purchase of the 11 per cent stake, but knew only that the seller was Mass Development, a Bahraini company, owned by Munsad Al

Saleh of Kuwait. Mass Development built up its stake in early 1980 "as an investment".

Mr Ritchie said that at yesterday's stockmarket price of 220p the 11 per cent stake would have cost more than £24m. Commenting on rumours that the price may have been 275p, he said: "That would have been a touching expression of faith in the management of the bank."

The purchaser of the stake, said Mr Ritchie, was thought to be "an overseas buyer." But he knew of no bid in the offering and believed the buyer was neither Lloyds Bank nor Citibank, which owns 49 per cent of Grindlays Bank.

Grindlays Bank has been the subject of takeover speculation for some time. Besides the 41 per cent Lloyds stake in the holding company and the 11 per cent stake sold by Mass Development, the remaining shares are held widely.

Grindlays Bank has been the subject of takeover speculation for some time. Besides the 41 per cent Lloyds stake in the holding company and the 11 per cent stake sold by Mass Development, the remaining shares are held widely.

Grindlays Bank has been the subject of takeover speculation for some time. Besides the 41 per cent Lloyds stake in the holding company and the 11 per cent stake sold by Mass Development, the remaining shares are held widely.

## Cowan de Groot offshoots sold

Cowan, de Groot, the toy importer and electrical wholesaler, has sold the bulk of its electrical and hardware division to a UK subsidiary of Cosolidated Electrical Distributors Inc for about £2.4m and the release of some £920,000 of associated back borrowings.

The four subsidiaries sold—Hardman & Leigh, T. A. Stevens, Gordon Radlow and A. Berkeley—produced profits of £120,000 pre-tax from a divisional total of £151,000 in the year to April 30 1981. The overall contribution from electrical and hardware was dropped during that year from £1.47m.

Berkeley's cycle and accessories business has been retained.

Cowan, de Groot warned yesterday that trading conditions had remained difficult for the electrical interests in the financial year just ended and the group considered that "the interests of both shareholders and employees are best served by the sale of these companies."

The electrical and hardware division still comprises seven subsidiaries. Part of the proceeds will be used to reduce gearing—56.5 per cent in the last published balance sheet—and the balance will be invested in the remaining businesses "to assist them to generate a greater return on capital employed."

An initial cash payment amounting to 80 per cent of the

consideration was received last week and the balance will be satisfied by the issue of an accepted bill of exchange dated May 1984.

## SIMON ENGINEERING

Simon Engineering has acquired the business of Peeta Hydraulics Pty. of Brisbane, Australia, and has incorporated the operation into Henry Simon Australia, Sydney, under the name Simon Hydraulics. The company sells and services hydraulic components and systems throughout Queensland. Its work is complementary to Henry Simon Australia's existing activities in the field of hydraulics engineering.

## Wellman buys part of Stone

WELLMAN BIBBY, the power transmission division of Wellman Engineering Corporation, has bought the range of power transmission products made by Stone-Platt Transmission Products of Oldham. The cost of the deal, which took effect on April 23, has not been disclosed.

Transmissions, part of the Stone-Platt Industries engineering group which went into receivership in March, incurred a loss on its last year's turnover of £1.7m.

Net asset value of the transmission operation was about £1m at the end of 1981. Wellman has not taken over its debtors and creditors but the assets purchased are not thought to differ substantially from that figure.

Wellman is still in an early stage of reviewing its purchase but it is prepared to invest capital to make it a going concern. The biggest problem it faces is of reviving business, which "withered" once receivership was appointed, Mr Michael Gara, Wellman's company secretary, said yesterday. It has

begun a marketing campaign and is contracting former Stone-Platt customers.

Wellman will take over about 75 of the 96 employees, who were all made redundant when the receivers were called in.

The range of mechanical power transmissions produced by Wellman Bibby fits well with that of Stone-Platt Transmission Products. Mr Gara said.

Stone-Platt makes variable speed units, fluid couplings, magnetic clutches and brakes, motor disc brakes and variable speed pulley drives. Wellman Bibby has plants at Dewsbury and Staines, but does not at present make any of these products.

## WARD &amp; GOLDSTONE

At the EGM of Ward & Goldstone the ordinary resolution to approve the disposal to Wessel Cable of Ward & Goldstone (Ireland) and its subsidiaries was passed.

Ward & Goldstone has been advised that Wessel has obtained the approval of the Corporate Assembly of A/S Norsk Kablefabrik (one of its shareholders) to the purchase by Wessel of the Irish subsidiaries. Completion of the disposal is still subject to the Republic of Ireland's Merger, Monopolies and Takeover (Control) Act, 1978 and Exchange Control Acts, 1954 to 1978.

## ALTFUND

Kuwait Investment Offices holding of Altfund Income shares is 450,000 shares, 10 per cent of the income share capital.

Granada's  
Whitley Bay  
stake sold  
to Coopers

THE Granada television and leisure group yesterday dropped plans to acquire Whitley Bay Entertainment and sold its shares to C. A. Coopers Corporation, a rival bidder.

Granada sold 292,608 ordinary 1p shares, 292,608 deferred 25p shares and 292,608 4 per cent non-cumulative preference shares. The holdings represent 59.8 per cent of the ordinary shares and 80.4 per cent of the preference shares of Whitley Bay.

The refusal of Claude and Elsie Cooper, the owner of C. A. Coopers, to sell their holdings of 28 per cent of Whitley Bay's ordinary and 14.7 per cent of its preference shares persuaded Granada to withdraw, said Samuel Montagu, which has been advising the Coopers.

The new owners, who already have extensive entertainment interests in the North East and Scotland, expect to devote a considerable amount of time to developing the company, said the bank.

C. A. Coopers paid 408p for each ordinary share, 1p for each deferred share and 50p for each preference share. It will now make an unconditional offer for the remaining shares at the same prices.

Granada was thought to have clinched its bid for Whitley Bay in March 1981, when it declared its offer unconditional after receiving acceptances from a majority of the company's shareholders. Granada had offered 215p cash per share with the option of a more valuable Granada share alternative.

Lucas places  
Automotive  
Products stake

Lucas Industries has placed the 11.75 per cent holding in brake and clutch manufacturer, Automotive Products, it built up between 1973 and 1977.

Lucas' interest is thought to have been stimulated by the strategic need to defend a major vehicle component manufacturer from the threat of foreign takeover, a threat which is now deemed to have evaporated. The AP board and various family trusts incorporated in the Channel Islands still control almost 40 per cent of the equity.

## HAWLEY GROUP

Hawley Group has reduced its holding in Balfour Beatty from 10.5 per cent of the ordinary shares and no longer has a notifiable interest.

## LONDON TRADED OPTIONS

LONDON TRADED								
May 17. Total Contracts 4,575 Quills 1,232, Puta 443								
	July			Oct.			Jan.	
Option	Exercise price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close
BP (c)	250	82	15	70	—	—	—	514p
BP (c)	300	88	1	58	—	46	—	"
BP (c)	350	11	10	19	—	26	—	"
BP (c)	400	28	51	22	10	30	1	"
BP (p)	350	80	8	36	8	44	—	"
BP (p)	350	50	7	—	—	—	—	"
CU (c)	140	8	25	13	26	17	2	184p
CU (c)	180	8	4	10	46	—	—	"
Cons. Glc (c)	450	4	—	—	—	—	—	574p
CU (c)	70	28	3	25	—	22	25	20p
CU (c)	80	12	37	15	—	18	—	"
CU (c)	100	7	586	11	—	12	—	"
CU (c)	100	3	25	7	5	10	1	"
GEC (c)	800	107	6	140	—	150	—	282p
GEC (c)	850	55	2	100	—	185	—	"
GEC (c)	900	35	12	60	—	87	—	"
GEC (c)	950	10	3	19	7	32	—	"
GEC (p)	900	80	15	42	1	45	—	"
Grd Mat. (c)	100	42	—	47	10	24	—	220p
Grd Mat. (c)	200	10	—	19	—	33	—	"
Grd Mat. (c)	220	10	46	15	20	20	—	"
Grd Mat. (p)	200	3	43	9	—	40	—	"
Grd Mat. (p)	280	15	168	19	—	50	—	"
ICI (c)	320	—	—	—	—	—	—	518p
ICI (c)	330	13	5	20	—	30	—	"
ICI (p)	300	7	10	26	—	18	—	"
ICI (p)	330	19	—	28	—	50	—	"
ICI (p)	350	48	—	50	2	—	—	"
Land Sec. (c)	300	9	27	23	—	28	—	258p
Mike & Sp. (c)	130	32	8	35	8	15	—	158p
Mike & Sp. (c)	140	22	—	28	—	25	—	"
Mike & Sp. (c)	160	8	—	18	10	15	—	"
Mike & Sp. (c)	180	3	—	8	10	8	—	"
Shell (c)	350	64	—	74	1	35	—	416p
Shell (c)	400	8	—	30	9	28	—	"
Shell (p)	290	10	20	24	—	38	—	"
Shell (p)	480	22	—	82	1	42	—	"
August								
Surveys (p)	460	17	1	23	—	27	—	466p
Imperial (c)	80	42	3	—	—	—	—	96p
Imperial (c)	80	22	20	—	—	—	—	"
Imperial (c)	100	14	128	18	10	19	—	"
Imperial (c)	100	14	128	10	13	13	—	"
Lornto (c)	70	5 1/2	2	7 1/2	5	8	9	59p
Lornto (c)	80	2	33	8 1/2	18	15	11	"
Lornto (p)	80	12	2	15	54	—	—	"
P & D (c)	130	3	—	12	—	14	—	144p
P & D (c)	150	19	2	24	8	—	—	"
P & D (c)	140	11	8	25 1/2	2	23	—	"
P & D (c)	150	15	—	—	—	—	—	"
Razac (c)	420	25	3	45	—	55	—	418p
Razac (c)	460	9	—	20	56	38	—	"
Razac (c)	500	10	—	17	67	—	—	"
Recal (p)	400	82	3	26	—	35	—	"
RTZ (c)	420	35	1	60	—	97	—	"
RTZ (p)	480	18	4	25	—	36	—	432p
C=Call P=Put								







## Companies and Markets

## UK COMPANY NEWS

# Banco Auxiliar SA is pleased to announce the opening today of its New York branch at 500 Park Av.

## auxiliar

HEAD OFFICE: Rua Boa Vista 186 - São Paulo, SP, Brazil 01014 - Telex: AUXILIUM 1124161  
NEW YORK BRANCH: 500 Park Avenue, 8th - New York, N.Y. 10022 - Phone (212) 8886900

## Bardsey expands sharply: James Beattie returns to dividend list down £0.6m

A SHARP upturn in pre-tax profits from £142,000 to £842,000 is reported by Bardsey for the year ending December 31 1981, and the group is returning to the dividend list with a payment of 0.3p net which reflects the directors' confidence in continuing profitability.

After six months this industrial property and investment holding concern was already well ahead with profits at the pre-tax level at £504,000 (£51,000).

Full year turnover jumped from £686m to £224m. There was a credit of £60,000, against a charge last time of £55,000, and after extraordinary debits of £155,000 (£72,000) and minorities this time of £10,000 the attributable surplus emerged at £737,000, compared with £15,000, from which dividend payments will absorb £425,000 (£117,000).

Stated earnings per 10p share came through at 2.37p (0.24p loss). The directors say that much activity has been devoted to placing new acquisitions made during the year on a sound and profitable footing.

The industrial division has been rationalised and reorganised. It is pointed out

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or final and the subdivisions shown below are based mainly on last year's timetable.

## TODAY

Interim—Northern American Trust, Northern Industrial Investment Trust, Yorkshire and Lancashire Investment Trust.  
Final—Alpine Holdings, Anglo American Coal, British-Borneo Petroleum, Duport, C. E. Heath, Amos Hinton, London and Lenoxx Investment Trust, Weller, Runchman, Thomas Washington.

## FUTURE DATES

Interim—Allied London Properties May 19  
French (Thomas) June 18  
North British Steel May 24  
Ranka Havis McDougall May 25  
Final—Seaspeed Construction June 15  
Bradford Property Trust June 15  
Caird (A.) May 26  
Goldberg (A.) May 27  
Plessey May 27  
Sandhurst Marketing May 27  
Valor June 9

that taking the acquisitions of Abbott Birks and RCF Holdings together, Bardsey is now the largest specialist distributor in the UK hand tool industry—the business of Abbott is pre-

dominantly with large industrial companies while that of RCF is with retail and merchant outlets.

Improved trading results are showing through at Rabone Chesterton (specialised measuring equipment and hand tools manufacturer) for the first time in years following cost reductions, improved efficiency at the factories and the introduction of new products.

Of the companies within the original Bardsey group, Heushter has performed well against the trend for furniture manufacturing as a whole. The self adhesive tape manufacturing and distribution operation has been restructured through the acquisition of Leon Davis. The activities of this operation are now carried out from one location at Milton Keynes and improved trading results are expected.

The directors have been successful in building up a substantial and balanced portfolio of properties and the division is also expected to contribute steadily to group profits.

The directors say their present policy is to consolidate and develop the group's existing activities. However, should opportunities arise for acquisitions which are compatible with existing operations they say sufficient funds are available.

WOLVERHAMPTON RETAIL department store group, James Beattie reports profits, before tax, down from £3.59m to £2.99m for the year ended January 31 1982, following a first half drop from £1.02m to £895,000. Full year turnover was static at £33.08m, against £33.5m.

The dividend of this close company is 4.75p (4.5p). A new-for-one scrip issue is proposed. The pre-tax profit included interest on short-term loans of £819,715 (£870,350), and was struck after charges of £402,418 (£397,400) including depreciation of £266,803 (£264,947). Providing for tax of £1.4m (£1.65m), the net profit comes through at £1.59m (£1.96m) giving earnings per share of 13.87p (17.14p).

Mr James Beattie, chairman, reports that sales in the first quarter of the current year show an increase of 4 per cent compared with the same period of last year.

Referring to costs the chairman says that 12 months ago he reported that costs of operation were 12 per cent above the previous year. This time the figure is 4 per cent and in the current

year he hopes that, excluding expenditure of a special nature, there will be no increase at all.

The chairman says that the improvement could have been greater had the group made more members redundant "but this is a course repugnant to us." Some of the group's problems would have been less had it traded in more favourable conditions. "As it was we continued to suffer from the world recession and its particular influence on the West Midlands."

However, the group is taking aggressive action to gain a larger share of the market "leading hopefully to increased sales," says Mr Beattie.

Shareholders funds at January 31 amounted to £11.79m (£10.74m). Net current assets totalled £3.27m (£2.21m)—short-term investments stood at £8.05m (£5.3m). There was a net increase in cash resources during the year of £728,209 (£237,540 decrease)—representing an increase in temporary loans of £768,000 (£36,940) and an increase in bank overdraft of £21,781 (£337,480).

Meeting, Wolverhampton, June 8 at 2.30 pm.

## Phoenix premium growth difficulties

THE ANNUAL report and accounts of Phoenix Assurance, celebrating its bicentenary, state that the recession in the UK economy and intense competition for all classes of business make it very difficult to generate adequate premium growth.

The company only achieved a modest 6 per cent rise in UK premium income, with this growth coming from private householders business. Industry fire and consequential loss business showed a drop in premium income.

Mr Jocelyn Hambro, in his chairman's statement, amplified the effect of low premium growth on the general insurance business of the company.

He pointed out that there were two factors which contributed to the underwriting results—the claims cost and expenses. Everyday occurrences were becoming more frequent as a source of claims and more costly to settle. This was currently absorbing most of the

premiums received leaving little or no margin to cope with the unexpected claims.

He went on to state that the company had paid considerable attention to the matter of expenses and the development of new computer systems had enabled the company to handle increasing amounts of business without proportionate increases in costs.

As already reported, pre-tax profits in 1981 fell slightly from £22.2m to £20.1m, following a strong rise in underwriting losses from £20.6m to £35.4m.

The value of long-term insurance funds of the group rose by over £10m last year to £747m, with premium income rising nearly 40 per cent to £151m and investment income by 30 per cent to £70.6m. Claim payments were 10 per cent higher at £76.2m, while expenses rose over 25 per cent to £37.5m.

Mr Hambro referred to the increasing importance of life and pensions business in the group and its growing importance in the contribution to group profits.

## Schroder's 10% stake in U.S. film company

J. Henry Schroder Corporation, the U.S. investment banking arm of J. Henry Schroder Wagg & Co., has taken a 10% stake in 21st Century Distribution Corp., America's third largest independent film distributor, whose shares are traded on the London Stock Exchange.

Corporation has effected the deal with the purchase of a \$250,000 promissory note from 21st Century to be exchanged for common stock and shares of new Class A non-voting common

stock which will be the equivalent in the aggregate of 10.4 per cent of the total capital of 21st Century.

Schroder's backing for 21st Century will provide a much stronger and wider base for the company's operations and will allow them to expand further in European and international markets.

21st Century distributes world-wide full length motion pictures and other entertainment programming in cinemas, the video disc and video cassette markets; television, including network syndicated, cable and pay TV; institutions; the armed forces; hotels and colleges and represents independent producers for the sale of their motion pictures. See Men and Matters

## M. J. Gleeson profits up

DESPITE a drop in turnover from £29m to £23m, M. J. Gleeson group reported a rise in pre-tax profit from £485,000 to £688,000 for the half year to December 31 1981.

The directors of this civil engineering, building contractor and property development group, formerly M. J. Gleeson (Contractors), say this expected rise reflects the increasingly important contribution from non-trading sources of income—rents and interest receivable. Because of this, the interim

dividend is raised to 1.1p (1p) net per share. The previous year's total was 2.38p. Stated earnings per 10p share were 6.36p, against 4.22p.

Tax was up to £47,000 from £43,000 (restated according to the already adopted change in accounting policy for deferred taxation).

The directors expect the lower turnover to be reflected in the year-end accounts but say the improvement in the order book suggests a gradual return to higher turnover.

## Western Selection advances

THE CONTINUING advance at the Durabute & Wire subsidiary was a major reason for the rise in profit at Western Selection and Development finance company. For the half year to March 31 1982, group pre-tax profit was £291,670, against £211,500.

Pre-tax profit at Durabute & Wire rose 15 per cent to £197,000 despite rising costs and pressure on margins, on record turnover. The directors say export orders have increased and the order book is most satisfactory.

They expect the second half year to show further progress if trading conditions remain favourable. Depreciation was £72,560 (£59,780) and interest payments came to £21,050 (£20,530), but included dividends and interest received of £110,630 (£46,900) and profit on sale of investments of £51,240 (£36,720).

Turnover was up from £3.38m to £4.24m.

The interim dividend is maintained at 1p net per share. Last year's total of 2.5p was paid from pre-tax profit of £461,000. Earnings per 20p share were given as 1.85p (1.47p).

Tax took £108,000 (£102,000). Higher receipts of dividends, interest and investment dealing profits from the increased capital available after the rights issue are also cited as factors in Western's advance.

## Charterhouse Petroleum

OIL SALES by Charterhouse Petroleum for the first quarter of 1982 reached a record £5.3m. Dr Jack Birks, chairman, told the annual general meeting in London.

He said the company was embarking on a big North Sea drilling programme, covering blocks 20/S, 12/27 and 20/3, for a 1982 spending budget of £7.4m. Drilling in block 20/2 had already been successful and seismic studies would start in July in block 13/19, where Charterhouse was the operator. Preliminary results in Abu Dhabi had confirmed the potential of the concession there. It was hoped to announce the award of more licences soon. Dr Birks said, and the company was constantly reviewing the possibility of acquisitions.

## SPAIN

May 14	Price	% + or -
Banco Bilbao	344	
Banco Central	325	
Banco Exterior	302	
Banco Hispania	310	
Banco Ind. Cat.	114	
Banco Santander	325	
Banco Urquijo	204	
Banco Vizcaya	358	
Banco Zafra	244	
Brigade	148	
Espenola Zinc	69	
Fecsa	69.7	
Gal. Preciosas	28	
Midrola	67.2	
Iberdrola	53.2	
Petrolcos	52	
Petrubier	39	
Sogolisa	6	
Teléfonos	71.2	
Union Elect.	66	



N.V. Beleggingsmaatschappij Wereldhave  
(incorporated company with variable capital)  
23, Nassaulaan - P.O. Box 25650  
2509 CJ The Hague, The Netherlands

### Extraordinary Shareholders' Meeting

Notice is hereby given that an Extraordinary Shareholders' Meeting will be held at the Company's offices, 23, Nassaulaan, The Hague at 11.00 a.m. on Friday, 4th June 1982. As from today the agenda for this meeting is available free of charge at the Company's offices, 23, Nassaulaan, The Hague, and at Pearson, Harding & Plesman R.V., Alphen aan de Rijn, Nederland N.V., Amsterdam-Rotterdam Bank N.V., N.V. Slavenburg's Bank, Nederland-Nieuw-Amsterdam Bank N.V., and Bank Mees & Hope N.V. in Amsterdam, Rotterdam and The Hague. To be discussed and voted upon is a proposal to appoint two Managing Directors. An English translation of the agenda is available free of charge at Morgan Grenfell & Co. Limited, New Issue Department, 31, Austin Friars, London EC2N 2HE. Shareholders who wish to attend the meeting have to deposit their shares or deposit receipts from a member of the Vereniging voor de Effectenhandel ('Association of Members of the Amsterdam Stock Exchange') of 10 or before 1st June 1982 at the Company's offices or at the above-mentioned offices of the Company's agents in Amsterdam, Rotterdam, The Hague and London.

The Hague, 16th May 1982  
By Order of the Supervisory Board

## HALF YEAR RESULTS

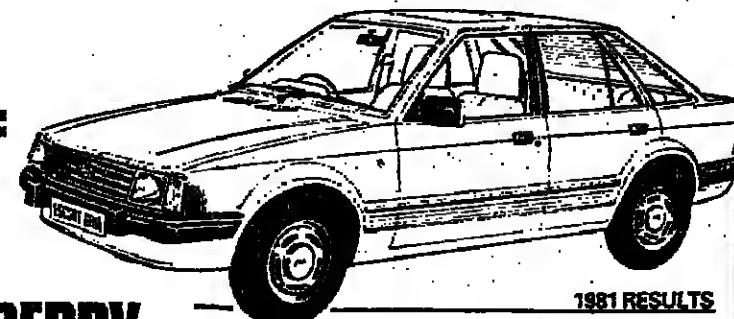
Six months to 31 March	Modified Historical Cost (£million)		Current Cost (£million)	
	1982	1981	1982	1981
Sales	763.0	643.3	763.0	643.3
Trading profit/CCA Operating Profit	77.3	63.6	65.7	50.6
Gearing adjustment	-	-	13.3	13.2
Less interest	32.4	30.2	32.4	30.2
Profit before tax	44.9	33.4	46.6	33.6
Less tax	11.9	14.5	11.9	14.5
Less minority interests	4.7	4.3	4.8	4.2
Earnings	28.3	14.6	29.9	14.9
Earnings per share (net basis)	8.54p	4.44p	9.02p	4.53p

- Under the modified historical cost accounting convention, pre-tax profits for The BOC Group of £44.9 million for the six months ended 31 March 1982 show an increase of 34% over the £33.4 million in the comparable period of the previous year. This convention takes into account additional depreciation on revalued assets.
- Under the current cost accounting convention, pre-tax profits for the half year rose 39% from £33.6 to £46.6 million.
- The interim dividend has been increased by 12% to 2.6p net per share (last year 2.31p net per share) payable on 5 October 1982 to holders of ordinary shares registered at close of business on 3 September 1982.

## THE BOC GROUP

For full text, including condensed balance sheet at 31 March 1982, write or phone Corporate Communications, The BOC Group plc, Hammersmith House, London W6 9DX. Telephone: 01-748 2020.

### THE FORD ESCORT



**HAROLD PERRY**  
MOTORS plc.  
Ford Main Dealers

1981 RESULTS	
1981	1980
£'000	£'000
Group Sales	99,054
Profit before Tax	3,721
Dividends per share	3.75p
Earnings per share	13.4p

\* Final dividend increased from 2.0p to 2.25p per share  
\* Profit for first quarter of 1982 increased by 30% to £1,115,000

**GO PERRYS**

Copies of the Chairman's statement and the 1981 Report and Accounts can be obtained from the Secretary, Harold Perry Motors plc, 2a Alexander Grove, North Finchley, London N12 8NU.



## UK COMPANIES

Fees rise aids  
Clement Clarke

PROPOSED INCREASES in optical professional fees could improve the cash for Clement Clarke (Holdings), the dispensing optician and manufacturing optician and precision surgical instrument makers, says chairman Mr John Clarke.

He says that interim increases already awarded to opticians will help the group's profitability. The instrument sector appears more buoyant in certain areas and there is hope of further defence contracts, says Mr Clarke.

Although the economic forecasts tend to suggest the recession is near the end, "our home retail sales are still not showing a really worthwhile increase over last year." The NRS optical charges to the public were increased on April 1 and the effect on sales for the possible effect on sales for the rest of the year," says the chairman.

Mr Clarke says his overall view is still one of caution, although a more positive assessment will be possible when the findings of the Office of Fair Trading (on opticians fees) are published. "I am confident that our broad trading base will again see us through the trials ahead and I look forward to satisfactory results for 1982."

As reported profit rose from £13.3m to £16.2m for 1981 after being lower at half-time. Turnover moved ahead from £12.53m

to £13.51m. The dividend is raised from 2.65p to 3.00p. The chairman says that the group again had a successful year overseas, with export sales up from £1.5m to £1.7m despite the stronger pound which made sales harder to achieve.

The chairman says that the results have taken into account the interim increase in fees paid to opticians for 1981 together with the arrears of fees paid in respect of prior years. These are included at £82,798.

The dispensing optical companies had a relatively dull trading year, with total sales up only 10.3 per cent and profits were lower. The addition of the arrears fees however made a worthwhile increase in net profits.

The ophthalmic optical companies' sales were up by 8.5 per cent and again the year's profits were lower but were subject to the arrears of fees. The end results for the optical retail outlets showed a "very satisfactory profit" says the chairman.

Group shareholders funds at the year end showed an increase from £5.47m to £6.15m. Net current assets were up from £2.1m to £2.35m—bank balances short term deposits and cash were down from £575,333 to £363,785. There was a decrease in net liquid funds of £331,440 (£122,247 increase).

Meeting, 116 Pall Mall, SW, June 9 at noon.

## RESULTS AND ACCOUNTS IN BRIEF

**JAMES WILKES** (maker of business forms and equipment)—Results for 1981, reported May 1, with prospect. Group fixed assets £1.05m (£1.42m). Current assets £3.02m (£4.45m); current liabilities £1.75m (£2.7m). Shareholders' funds £2.28m (£3.08m). Bank balances and cash increased £288,129 (£111,304 decrease). Meeting, Bilton, West Midlands, June 7.

**LIMITED PARCELS** (express carrier)—Results for year to January 30, 1982, reported April 21. Shareholders' funds £21.3m (£17.48m). Fixed assets £18.35m (£15.21m). Net current assets £1.57m (£1.13m outflow). Net increase in working capital £218,000 (£113,053 decrease). Chairman says current year has passed well and he confidently anticipates another satisfactory result. Meeting, Sywell, Northants, June 9.

**NORTH BRITISH CANADIAN INVESTMENT COMPANY**—Results for year ended February 28 1982 reported April 5. Listed investments, at market value, at UK £2.06m (£1.74m); abroad £0.55m (£0.15m); cash £0.55m (£0.55m). Meeting, Edinburgh, June 4.

**HIGGS AND HILL** (international construction and property group)—Results for 1981 with prospects reported April 7. Group shareholders' funds £16.65m (£19.28m). Fixed assets £16.14m (£14.38m). Net current assets £7.59m (£7.68m). Increase in net liquid funds £16.94m (£1.22m). Meeting, Wyldcroft Hotel, WC, June 11, 12.15 pm.

**BEUTALS** (department stores)—Results for year ended January 20 1982 already known. Shareholders' funds £18.92m (£18.95m). Capital employed £17.91m (£16.57m). Fixed assets £14.57m (£13.05m). Net current

assets £3.34m (£3.52m). Increase in net liquid funds £3.13m (£1.55m). Meeting, Kingston upon Thames, June 8, noon.

**A. AND C. BLACK** (publisher)—Results for 1981 already known. Group fixed assets £2,000 (£253,000). Net current assets £1.02m (£1.97m). Shareholders' funds £1.25m (£1.2m). Bank overdrafts nil (£142,000). Board's confidence in future remains high and it will continue to seek out fresh publishing ventures. Meeting, 23 Bedford Row, WC, June 3, 10.30 am.

**SEVERN VALLEY RAILWAY (HOLDINGS)**—Turnover for 1981 £355,451 (£234,123). Gross traffic receipts £23,778 (£23,722); operating surplus £52,426 (£40,572); other income £77,756 (£27,881); profit for year £20,222 (£52,311). Total net assets £23,227 (£40,252). Chairman says he will be disappointed if this year's profits do not show an improvement over 1981.

**TRAVIS AND ARNOLD** (supplier of building materials)—Results for 1981 reported April 21. Group shareholders' interests £27.52m (£34.3m). Net current assets £20.75m (£18.24m), including cash £2,076 (£2.5m) and short term investments £1.03m (nil). Property, plant and equipment £16.82m (£16.78m). Increase in net liquid funds £2.62m (£3.51m). Meeting, Northampton, June 3.

**WATTS, BLAKE, BEARNE AND CO.** (extractor and processor of tea and china clays)—Results for 1981 with prospects reported April 7. Group shareholders' funds £21.88m (£20.1m). Fixed assets £21.09m (£19.4m). Net current assets £2.56m (£2.11m). Working capital increased £157,020 (£80,000 decrease). Meeting, Moretonhamstead, Devon, June 4, noon.

## APPOINTMENTS

Management changes at  
Hill Samuel  
companies

HILL SAMUEL LIFE AND INVESTMENT MANAGEMENT has made the following appointments:

Mr Neville Bowen becomes executive chairman of Hill Samuel Investment Management and of Hill Samuel Investment Management International. Mr Roger Kitson becomes chief executive of both companies.

Mr Richard Wales, at present assistant general manager of Royal Life Insurance, is to become chief executive of Hill Samuel Life Assurance.

The appointments have been made in view of the retirement from executive duties in September of Mr John Marshall, chief executive of HSLIM and chairman and chief executive of HSLA. Mr Marshall will follow his retirement remain on the Hill Samuel Group board. Mr Bowen will succeed him as chief executive of HSLIM and as chairman of HSLA.

**CHERRY ELECTRICAL PRODUCTS** has appointed Mr Robin Brewer as marketing director for the UK and Scandinavia. He joins from Fairchild Semiconductor.

Two non-executive directors have been appointed to the West Midlands regional board of CENTRAL INDEPENDENT TELEVISION to represent education and the arts. They are Sir Patrick Nairne and Mrs Elizabeth Thomas. Sir Patrick is master of St Catherine's College, Oxford. He was permanent secretary of the Department of Health and Social Security between 1975 and 1981. Mrs Thomas is chairman of West Midlands Arts.

Following the retirement of Lord Sheffield as chairman of A. C. COSSOR, the company has made two appointments. Mr John D. Clare, who continues as chief executive of the A. C. COSSOR Group, has been appointed chairman of the company. Sir Clifford Cornford has been appointed vice-chairman, the position vacated by Mr Clare. As a result of these appointments, changes have been made in the boards of subsidiary companies within the A. C. COSSOR Group. Sir Clifford has been appointed chairman of Cossor Electronics, Data Logic, Sterling Cables and Greengate Cables, positions previously held either by Mr Clare or Lord Sheffield. Mr Clare is also a vice-president of the parent company of A. C. COSSOR, Raytheon Company, and is president of Raytheon Europe International Company, which operates from Geneva. He joined Raytheon in 1968, his previous appointment was vice-president and technical director of ITC Europe. Sir Clifford was chief of defence procurement at the Ministry of Defence until his retirement in April 1980.

Mr Peter H. Robinson has been elected president of the MANCHESTER SOCIETY OF CHARTERED ACCOUNTANTS.

Mr W. F. Johnston has been re-elected president of THE SURVEY ASSOCIATION. He is

chairman of Engineering Surveys.

Mr Howard Field has joined the SAVOY HOTEL as group financial controller. He joins the group from Commonwealth Holiday Inns of Canada where he was vice-president for finance for the UK division.

J. H. MINET & CO. has appointed Mr Paul Cotterill as a director.

J. LAWSON & CO., Acton, has appointed Mr Brian Fagan as a director.

CONSULTANTS (COMPUTER & FINANCIAL) has appointed Mr Martyn Collinson as marketing director.

BRYANT HOLDINGS has appointed Mr Ken Harvey as managing director of Bryant Construction.

Mr Philip Harris has resigned as managing director of CONDE NAST & NATIONAL MAGAZINE DISTRIBUTORS to become executive chairman of a company within the International Publishing Corporation. Mr Brian Boucher, who has been deputy managing director for the last two years, takes over as managing director on June 7.

Mr Lionel T. Anthony, managing director, industrial finance, National Coal Board, has been appointed chairman of the COAL INDUSTRY SOCIETY for 1982/1983. Other appointments are: hon. secretary, Mr S. E. Brewis, and hon. treasurer, Mr A. H. Ross.

NATIONAL WESTMINSTER BANK has appointed Mr Peter Stern as assistant franchise manager. He was assistant area advance manager at west end (west) area office, London.

The SEA FISH INDUSTRY AUTHORITY has made the following appointments: Finance director, Mr A. Downie; secretary and commercial director, Mr R. A. Davies; and director of marine survey and IDU Hull, Mr P. D. Chaplin.

Sir Ian Trethowan has been appointed a director of BARCLAYS BANK from September 1. He will retire at the end of July as director-general of the BBC.

Mr William G. Underwood has been appointed to the board of AP BANK from June 1.

Mr Alan S. Gray has been appointed a director and treasurer of CAYZER, a member of the British & Commonwealth Shipping Group. He was formerly a director of Antony Gibbs & Sons.

Mr O. N. Dawson and Mr A. H. Baring, both of whom are executive directors of F. & C. Management, have been appointed to the board of THE FOREIGN AND COLONIAL INVESTMENT TRUST. Sir John Pilder has retired from the board.

Mr D. J. L. Fitzwilliams, has resigned from the board of F. & C. MANAGEMENT, but remains a non-executive director of The Foreign and Colonial Investment Trust. General Investors and Trustees and The Cardinal Investment Trust.

ESTD 1742



## WHITBREAD

AND COMPANY PLC

Preliminary announcement of results  
for the year to 27th February 1982

## Turnover and Profits

The consolidated turnover for 1981/82 was £841,726,000 (1980/81 £782,148,000), an increase of 7.6%.

The consolidated profit before taxation and extraordinary items for 1981/82 was £73,188,000 (1980/81 £66,388,000) an increase of 10.2%. A further allocation of £1,000,000 out of profits has been made to the Share Ownership Scheme.

## Dividend

A Final Dividend of 3.4p per share is proposed for the year ended 27th February, 1982, making a total for the year of 4.9p per share, which represents an increase of 9.7% as against the total dividend for the previous year.

If approved at the Annual General Meeting to be held on 20th July, 1982, the final dividend will be paid on 23rd July, 1982, to Shareholders on the Register at close of business on 18th June, 1982.

## Trade

Beer volumes, in common with those of the industry as a whole, continued to decline during the year, as a result of the recession and the effect of the 4p per pint beer duty increase in March, 1981. Sadly this has led to a significant reduction in our man-power. Measures to protect margins, reduce costs and raise efficiency, were effective and led to an improved trading position in the second half of the year.

The strength of our extensive product range was demonstrated by brands such as Trophy, Heineken, Stella Artois, Mackeson, Gold Label and Kaltenberg Diat Pils, all of which maintained their position in the market. At the same time our local beers such as Welsh Bitter, Chesters, Castle Eden Bitter, Pompey Royal, Fremkins, Wethereds and others, all did well. Abroad, Long John continued its steady progress in key international markets despite adverse world trading conditions for Scotch. In Belgium, our market share was maintained, again in spite of the recession there and tax increases. An important contract for managing the construction of a brewery overseas was secured by our specialist project management subsidiary, Whitbread Technical Services.

Good progress was made with the development of catering in our pubs, notably with Beefeater Steak Houses which are now being opened at the rate of one a week and which already number over 100.

Stowells Wine Box, a new way of marketing wine in this country, has proved an outstanding success and is the market leader. Stowells Langenbach range also did well in a buoyant market for white wines.

Brewery, Chiswell Street, London EC1Y 4SD

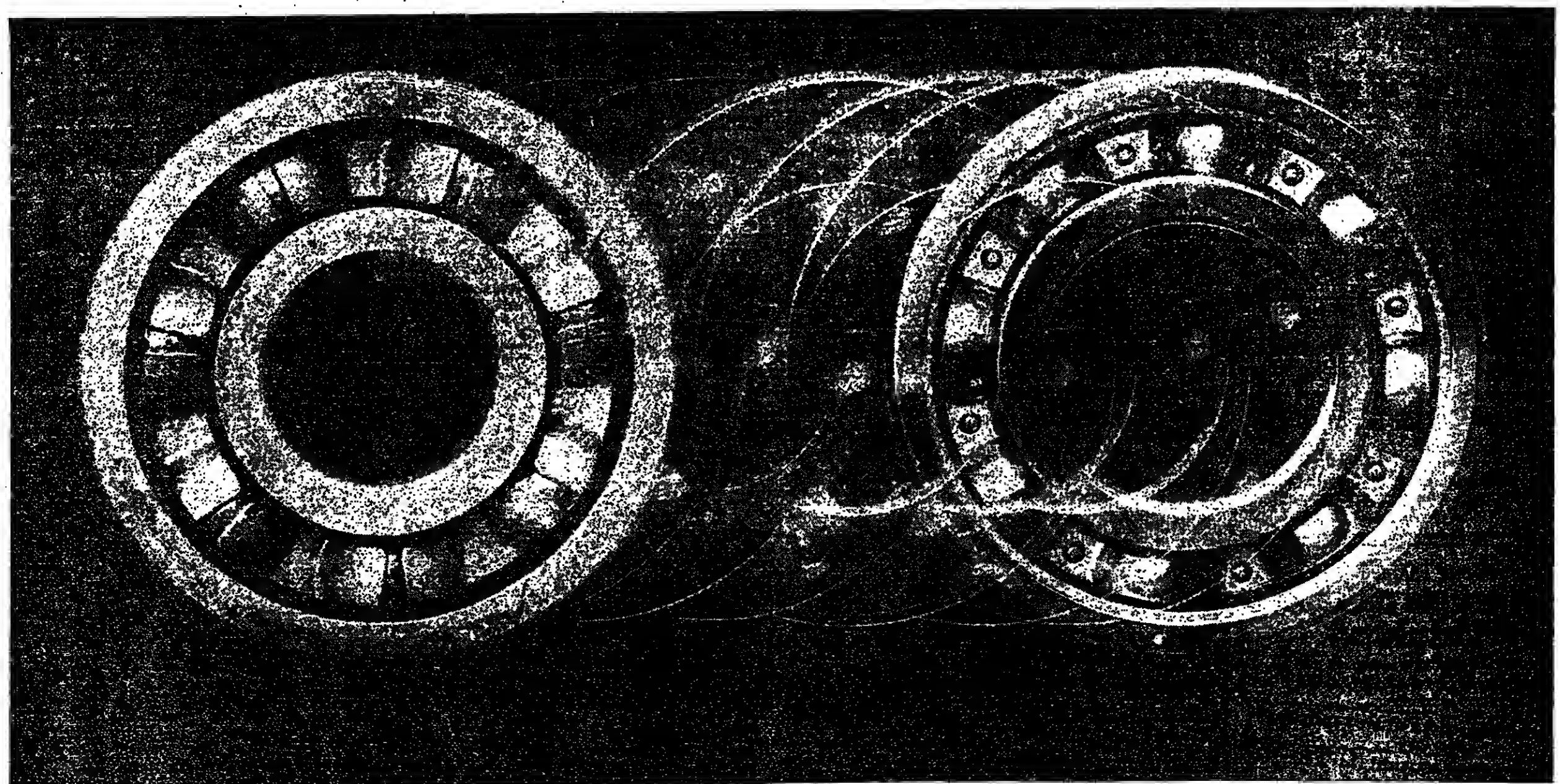
	52 weeks to 27/2/82 2000's	52 weeks to 28/2/81 2000's
Turnover	841,726	782,148
Profit attributable to Ordinary Shareholders	105,546	101,275
Deduct: Depreciation	(23,775)	(21,266)
Interest Payable less Receivable	(13,301)	(17,524)
Gain (loss) on Foreign Exchange	482	(142)
Trading Profit	68,962	62,343
Income from Trade Investments	4,226	4,045
Profit before Taxation and Extraordinary Items	73,188	66,388
Taxation	(17,243)	(8,264)
Profit after Taxation and before Extraordinary Items	55,945	58,124
Allocation to Share Ownership Scheme £1,000,000 less tax	(480)	(426)
Profit before Extraordinary Items	55,465	57,698
Extraordinary Items, less Taxation attributable thereto	(8,269)	2,372
Profit after Extraordinary Items	47,206	60,070
Attributable to Minority Interests	(227)	(71)
Preference Stock Dividend	(414)	(415)
Profit attributable to Ordinary Shareholders of the Holding Company	46,565	59,584
Ordinary Dividend—Interim Paid	5,697	5,297
Proposed Final	12,913	11,588
Transfer to Reserve	27,955	42,699
Earnings per Share—Pence—Basic	14.44	15.14
Fully Diluted	14.28	15.07

The merger of our Soft Drinks interests with Bass PLC has now been operating for 18 months and is trading strongly with such well-known brands as Canada Dry, Rawlings and R. Whites.

**Profits—Current Cost Basis**  
The Current Cost Profit and Loss Account will show a CCA (Current Cost Accounting) dividend cover of 1.8 against cover of 2.9 under the HCA (Historic Cost Accounting) convention.

## The Future

Recovery in the brewing industry is closely geared to revival of the economy and there are signs that the recession is bottoming out. The decline in beer sales may have started to slow down. Given a spell of good weather during the coming months, there is room for cautious optimism.



## The rolling revolution.

Few people believe that bearings change much over the years or that there's much difference between them generally.

The truth is of course another. But first, an analogy.

When powered machinery found its legs at the turn of the century it ran into trouble. Time gained by speeding up machines was often lost when parts broke down under the strain.

(That's when out-of-line shafts were the rule

rather than the exception and SKF made history by inventing rolling bearings that did the aligning.)

Then, as now, technology could only advance successfully if support technology advanced too.

Bearings are no exception. Their old basic principles still hold good, but that's about all.

Intuition and theory have given way to science and experience. Micro-changes of tenths of a thousandth of a millimetre are now commonplace. And new bearing designs still give energy savings of anything from 8 to 80 per cent.

In 75 years we've invented or developed virtually

every type of rolling bearing and a few other kinds as well.

We established the modern theory of bearing life that later became international standard. Like much of our basic work.

We processed bearing steel to a degree of purity that is still not surpassed. And developed grinding machines of a precision never seen on the open market.

We cut machining time of standard bearings from ten minutes, sixty years ago, to 75 seconds today. And improved bearing life until all but one or maybe two in

a thousand could outlive the machines they were in.

As a result we supply some 20 per cent of the world market with miniatures weighing three hundredths of a gramme to bearings 500 million times heavier.

In applications from spinning spindles to NASA's space shuttle.

So if you agree we've come a long way in rolling bearings since the revolution we started 75 years ago, it's likely you'll agree there's also a difference in bearings generally.

We ease the friction of mechanical movement.



SKF











## INTERNATIONAL COMPANIES and FINANCE

## ASEA plans to buy state energy stake

BY WILLIAM DUFFORCE IN HELSINKI

ASEA, the Swedish heavy electrical engineer, is negotiating the purchase of the Swedish Government's half share in ASEA-Atom, one of the largest companies within the ASEA group.

The move fits in with the publicly defined policies of Mr Percy Barnevik, ASEA's new managing director, who is attempting to transform ASEA from an electrical group into a broadly based producer of energy equipment.

Sweden has decided to halt its nuclear power programme after building 12 reactors. The state had no interest in retaining ownership in ASEA-Atom, Mr Nils Aasling, the Industry

Minister, said. The negotiations aim, however, at securing proper servicing arrangements for the nuclear plants.

ASEA-Atom has built nine boiling water nuclear reactors, of which two have been supplied to Finland. Two more are under construction in Sweden.

The company is bidding for a contract to supply Mexico with nuclear plants and is offering foreign buyers a small nuclear reactor designed for district heating.

Last year it made an operating profit of SKr 218m (\$38m) on a SKr 1.9bn turnover. The ASEA group returned pre-tax profit of SKr \$55m for 1981 following sales of SKr 19.4bn.

## Balance sheet adjustment pulls Alitalia out of red

BY JAMES BUXTON IN ROME

ALITALIA, the Italian state airline, achieved slender profit of L1.5bn (\$1.5m) last year, despite the generally poor state of the airline industry and the effect of many strikes, including 12 days of strikes by its pilots.

The profit, which follows two years of losses, is the result of balance sheet adjustments after the sale of aircraft which were replaced by more modern machines. The company says its result was reached after setting aside about L10.5bn from the sale of inter-group assets for a reinvestment reserve.

In 1980 Alitalia incurred a loss of L12.5bn and in 1979 its

deficit was L14.5bn.

The airline says its revenue rose by 32 per cent in 1981, from L1,571bn in 1980 to L2,075bn. Revenue from traffic services, and other services was up 22 per cent to L1,758.5bn. Costs taking into account initial and final stock balances, rose by 31 per cent to L2,073bn. About L7.6bn was allowed for depreciation.

The balance sheet was the first to be certified by external auditors in advance of certified accounts becoming mandatory for this type of company next year.

## Preussag raises dividend

By Kevin Done in Frankfurt

PREUSSAG, THE West German metals, transport and energy group, is raising its dividend to DM 8 a share for 1981 from DM 6.

Shareholders are beginning to reap the rewards of the group's improving financial performance following far-reaching restructuring measures in the second half of the 1970s.

Dividends were omitted altogether in 1977 and 1978 and were resumed in 1979 at a level of only DM 3.50 a share.

After hitting a low of DM 72 a share in 1979, the Preussag share price rose to a high of DM 225 in 1981 and this year has traded in a range of DM 168-208. Profits distributed in 1981 increased to DM 50.4m (\$32m) from DM 37.8m in 1980.

Earlier this year Preussag raised DM 105m additional equity capital from shareholders in its first rights issue since 1970.

The major shareholder in Preussag is a holding company owned by three banks, Westdeutsche Landesbank, Hessische Landesbank and Deutsche Girozentrale, which together are thought to hold around 35 per cent. A further 10.5 per cent is held by the C. Deitmann group, a West German energy, mining and engineering concern.

Preussag in turn has taken a 25 per cent stake in Deitmann as part of its drive to increase its presence in oil and gas exploration and production, both in West Germany and in the U.S.

BIS figures reveal sharp swings for oil-based funds. Peter Montagnon reports

## Bankers take up the OPEC slack

INTERNATIONAL BANK LENDING  
(\$bn total outstanding at end of June)

	1980 Dec.	Mar.	June	Sept.	Dec.
BIS reporting area*	704.4	717.2	702.4	743.8	819.9
Other developed countries	85.7	87.5	88.6	92.8	94.9
Eastern Europe	59.3	58.8	57.1	58.7	60.8
OPEC	70.0	66.3	65.9	68.5	72.0
Other developing countries	193.3	196.1	201.2	212.3	230.1
Offshore centres	188.8	202.7	210.6	255.3	237.5
Total	1,321.9	1,349.6	1,346.7	1,422.8	1,542.0

\* Group of Ten industrialised countries plus Switzerland, Austria, Denmark and Ireland. † Figures include unallocated items.

Source: Bank for International Settlements. Figures are not adjusted for exchange rate valuation effects.

The underlying trend, suggests that international bank lending grew by about \$165bn last year compared with \$160bn in 1980, but in real terms, there was a more significant increase because of the fall in world export prices, the BIS says.

A feature of the final quarter

strong increases in borrowing being recorded by Mexico and Brazil.

The BIS notes, however, that a large proportion of the new borrowing was redeposited with banks as developing countries tried to strengthen their international liquidity position. Deposits by non-oil developing countries rose by \$3.1bn during the quarter after an increase of only \$2bn during the third quarter.

The single most important source of funds for international bank lending last year was the U.S. banking system, the BIS says. Growth of U.S. banks' total external assets during the fourth quarter reached \$41.3bn, which came on top of a \$13bn increase in the third quarter.

During December foreign branches of U.S. banks—mainly those in the Bahamas and Cayman Islands—showed a \$15.1bn increase in claims on their parent banks and a \$17.2bn decline in their other external assets.

## German bank well ahead

BY OUR FINANCIAL STAFF

BERLINER Handels- und Frankfurter Bank (BHF Bank) posted 30 per cent higher partial earnings for the first four months of 1982.

BHF said earnings on interest and commissions rose in the four months while expenses increased modestly and personnel costs were 1 per cent lower. Operating earnings rose even faster than partial earnings as

a result of favourable developments in commercial banking.

However, the annual meeting was told that growing business risks will make it necessary for BHF to restore earnings to the level that prevailed before the onset of high interest rates.

The meeting confirmed that the 1981 dividend is to be DM 9 (\$4) a share.

## Dutch options exchange makes a profit

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH European Options Exchange, set up in 1978, last year recorded a 47 per cent increase in trading activity and made its first profit.

Mr E. A. Brouwer, chairman, says that with a profit of Fl 25,705 (\$10,000), the Exchange has now made the breakthrough it had been hoping for and that there is good reason to be satisfied with progress.

Total volume of options in 1981 rose to 1.04m contracts against 709,893 in 1980. But as the exchange's annual report acknowledges, the growth of money volume during the year was less impressive—at Fl 958m, compared with Fl 390m in 1980, an increase of only 2 per cent.

In Dutch options, calls and puts both rose substantially, with value of Fl 351m with Philips being by far the most

actively traded individual option. Turnover in German options more than doubled last year, involving 10,438 options, but volume in U.S. options fell sharply with just 16,959 contracts valued at \$6.3m.

During 1981 the EOE began trading in gold and bond options. Volume in the gold options remained slow because of negative developments by the bullion price.

U.S. \$40,000,000



Banamex

Banco Nacional de México, S.A.  
(A private banking institution incorporated in the United Mexican States with limited liability)

Floating Rate Capital Notes Due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 17th May, 1982 to 17th November, 1982 the Notes will carry an interest rate of 14 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$76.03.

Credit Suisse First Boston Limited  
Agent Bank

## Senior posts at Procter &amp; Gamble

From June 1, Mr Malcolm Jozoff, currently PROCTER & GAMBLE's vice-president—Packaged soap and detergent division, becomes vice-president—southern Europe. He will move to Brussels from Cincinnati and assume responsibility for the company's business in Italy, Spain, Austria and Switzerland, succeeding Mr J. Russell Marsden, who has been elected vice-president—Japan. In this newly-created position, Mr Marsden will move to Osaka from Brussels and assume responsibility for the company's business in Japan. Mr Stephen P. Donovan, currently, advertising manager, food products division, will become manager, packaged soap and detergent division, succeeding Mr Jozoff.

● FLEET FINANCIAL GROUP chairman and chief executive officer, Mr John J. Cummings Jr, has retired. He will continue as a director of the company, formerly known as Industrial National Corp, and its Industrial National Bank subsidiary.

● Mr Grover A. De Bosc has been appointed vice-president administration for the new SEARS ROEBUCK TRADING COMPANY, and Mr Milan Fabry was named vice-president, operations.

● MACKINTOSH CONSULTANTS, has appointed Mr Hans-Werner Plack as director of its operations in West Germany, based at Darmstadt. Mr Plack, formerly sales manager with Cryophysics GmbH, replaces Mr Peter K. Betschert who has returned to the U.S. to lead Mackintosh operations there.

● Dr Thomas P. Gasser has resigned as general manager finances of SWISS ALUMINIUM COMPANY, Zurich. On June 1, will take up a similar position as a member of the group management of the Brown Boveri con-

## INTERNATIONAL APPOINTMENTS

cera in Baden. Group finances were the responsibility of Brown Boveri managing director, Mr Piero Hummel. Mr Hermann J. M. Haerdt, president of Consolidated Aluminum Corporation, a St Louis-based subsidiary of Swiss Aluminum, will return to Switzerland to succeed Dr Gasser.

At Consolidated Aluminum, he will be succeeded by Dr Guy E. Waldvogel, who will remain head of the U.S. holding company Alusuisse of America.

● BANQUE BELGE has appointed Mr Paul-Emmanuel Janssen, a managing director of Société Générale de Banque S.A., a director of the Bank and also of Belgian and General Investments.

● Mr Joe Dietrich has been appointed president of PHH INTERNATIONAL, a wholly-owned subsidiary of PHH Group. He was treasurer of Ford Motor Company's credit operations for Europe.

● McDONNELL DOUGLAS ASTRONAUTICS has appointed Mr Robert E. Hood Jr., to the new position of vice-president for programme development and marketing. Mr Hood, who previously filled a key Government relations position in Washington

with McDonnell Douglas Corporation from 1964 to 1971, comes to the corporation's astronautics division from Cheverie and Company, Inc. of Boston.

● Mr Henry J. Thiele has been appointed president of the Quincy Compressor division of COLT INDUSTRIES INC., Quincy, Illinois. He was formerly vice president and general manager of Stencel Inc. Longview, Texas, a division of Colt Industries.

● Mr Rex S. Wolf has joined ASHLAND SERVICES COMPANY as vice president, business systems support.

● Dr John P. Schaefer, president of the University of Arizona, has been elected to the board of directors of OLIN CORPORATION. Dr Schaefer has been a director of the Research Corporation since 1974 and is president-elect of that foundation.

● Mr Wendell L. Dixon, chairman and chief executive officer of Credit Suisse Financial, Inc. has been elected a director of AMERICAN GENERAL CORPORATION. Mr George A. Butler, Mr Sterling C. Evans and Mr John M. Bennett have retired.

● THE CHICAGO BOARD OF OPTIONS EXCHANGE has

elected Mr Hardwick Simmons as a director. He is senior executive vice president and a director of Shearson/American Express, Incorporated. He will fill the vacancy on the CBOE Board resulting from the resignation of Mr Alger "Duke" Chapman, who has become vice-chairman of the American Express International Bank Corporation.

● Mr Michael Rode has been appointed vice president—planning for Sears, Roebuck and Co., Chicago, one of four operating units of Sears, Roebuck and Co. He succeeds Mr John F. Wadde, who was elected president of the newly-created Sears Roebuck Trading Company.

● Mr Robert J. Lanigan has been elected president and chief operating officer and Mr William F. Spengler as vice chairman and chief administrative officer of OWENS-ILLINOIS. For the past three years, Mr Spengler has been president and chief operating officer of domestic operations and Mr Lanigan has been president and chief operating officer of international operations.

● Mr James L. Chung has been appointed director of financial relations for FUJI PHOTO FILM USA, INCORPORATED. He was a vice president and photographic industry analyst for

Merrill Lynch, Pierce, Fenner and Smith.

● Mr William F. Roche has been elected president of BASIC INCORPORATED, a Cleveland-based subsidiary of Combustion Engineering, Incorporated. He succeeds Mr Anthony M. Calto, who is retiring.

● Mr Thomas Barman has joined CROCKER BANK's foreign exchange department, San Francisco, as a senior vice president and global foreign exchange manager. He was a vice president of the Irving Trust Company and managed its New York foreign exchange and customer advisory unit.

● Mr Philip Jacob has been appointed to the board of the CITY OF DUBLIN BANK. He is senior partner in a leading firm of Dublin stockbrokers.

● Mr Layson L. Swearingen will be retiring as chief executive officer of COMMERCIAL UNION CORPORATION U.S. on August 1. He will be succeeded by Mr Howard M. Ward, president and chief operating officer.

● Mr Magnus Diersen has been appointed vice president-market research of the JAAKKO POYRY GROUP. He was a project manager within Jaakko Poyry.

## Cogema-US

(a wholly owned subsidiary of  
Compagnie Generale Des Matieres Nucleaires, "Cogema")

has acquired 80% of the capital stock of

## Pathfinder Mines Corporation

100% beneficially owned by

## Utah International Inc.

a wholly owned subsidiary of

## General Electric Company

We initiated this transaction and acted as  
financial advisor to Cogema.

## Goldman, Sachs &amp; Co.

New York Boston Chicago Dallas Detroit  
Houston Los Angeles Memphis Miami  
Philadelphia St. Louis San Francisco  
London Tokyo Zurich

May 6, 1982

Goldman  
Sachs

## Standard Chartered Finance B.V.

(Incorporated with limited liability and established at Amsterdam in the Netherlands)

US \$100,000,000

Guaranteed Floating Rate Notes 1991

Guaranteed on a subordinated basis to payment of principal  
and interest by



## Standard Chartered Bank Limited

(Incorporated in the United Kingdom)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (184 days) from 18th May to 18th November, 1982 the Notes will carry interest at the rate of 14 1/2% per annum.

The interest payment date will be 18th November, 1982. Payment which will amount to US \$760.28 per US \$10,000 Note, will be made against surrender of Coupon No. 2.

J. Henry Schroder Wagg & Co. Limited  
Agent Bank

## Wells Fargo Limited

Summary of 1981 Annual Report

	1981 \$000	1980 \$000
Shareholders Funds & Sub. Loan	11,160	9,874
Deposits, Liabilities & Current Accounts	189,280	121,745
Other Liabilities	8,594	9,282
	209,034	141,002
Cash and Short Term Funds	160,585	101,583
Loans and Advances	60,688	36,186
Fixed and Other Assets	7,560	1,233
	219,014	141,002

Profit Before Tax 2,836 2,866

Taxation 1,554 1,511

Profit After Tax 1,282 1,355

## Executive Directors

St. Hon. Lord Sheffield—Chairman  
W. Wright—Vice Chairman  
A. degli Alessandri—Managing Director

S. Saad—Syndications T. Gokulsing—Capital Instruments  
J. Holton—Foreign Exchange & Funding C. Adryan—Leasing  
G. Hewitt—Investment Advisory Services W. See—Credit  
J. de la Chaux—Western European Marketing

Copies of the 1981 Annual Report can be obtained from: The Secretary,  
Wells Fargo Limited, Winchester House, 80 London Wall, London EC2M 3ND.

## COMPANY ANNOUNCEMENT

## DURBAN ROODEPOORT DEEP, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

## DAMAGE to No. 6 VERTICAL SHAFT

An ascending skip came out of the shaft guides at No. 6 shaft Durban Roodepoort Deep, Limited at 19500 on Friday, 14th May 1982 resulting in extensive damage to the shaft timbers in two of the six compartments over a length of approximately 400 metres.

No persons were injured in this occurrence.

Employees who normally travel up and down this shaft in commuting to and from their working places have been diverted to other shafts on the mine.

Production will be affected to the extent of about 1,200 tons per day. It is estimated that ten days will be required to complete repairs to the shaft.

Johannesburg  
17th May, 1982



## Buoyant domestic sales boost Suzuki Motor

BY YOKO SHIBATA IN TOKYO

SUZUKI MOTOR, Japan's leading mini car manufacturer and its third largest motorcycle producer, posted record sales and operating profits in the year ended March because of buoyant domestic sales.

Unconsolidated full year operating profits rose 20.5 per cent to ¥15,980m (\$68m) from a year earlier. Net profits rose 14 per cent to ¥5,470m on sales up 20 per cent to ¥551,520m (\$23.3bn). Per share profits moved up to ¥20.72 from ¥19.97.

Total motorcycle sales advanced 18 per cent to 1.86m units, yielding a similar 18 per cent gain in sales value. Domestic motorcycle sales volume increased by 55 per cent and yielded a 69 per cent gain in value.

Motor car sales increased by

14 per cent to 573,000 units, yielding a 21 per cent gain in value.

Total exports rose by 10 per cent to account for 44 per cent of turnover. However, due to strong domestic sales, the exports share of total sales declined by 4 per centage points.

Operating earnings were boosted by ¥19,600m of positive factors such as higher sales volume (worth ¥11,300m), rationalisation and cost cutting (¥7,100m) and exchange gains from the yen's depreciation against the U.S. dollar.

These were partially offset by ¥14,500m of negative factors such as ¥3,300m of higher labour costs and ¥8,600m of extra depreciation charges.

Suzuki's 1981 capital outlays, centring on capacity expansion of motorcycles and cars, totalled

¥350m. The company plans capital outlays of ¥400m in the current year to lift annual production of motorcycles by 140,000 units to 2.1m and cars by 27,000 to 600,000 units.

The company is forecasting operating profits of ¥17bn for the year, up by 6.3 per cent, net profits of ¥6.8bn, up by 24.3 per cent and sales up by 8.8 per cent to ¥600bn. Suzuki plans to increase its dividend by ¥0.5 to ¥6.

General Motors of the U.S. took a 5.3 per cent stake in Suzuki last August as part of a financial and trading tie-up. They hope to co-operate on mini-car production for the U.S. Last month the Indian Government chose Suzuki as the foreign partner for Maruti Udyog, the state-owned car company.

## PAL cuts first-quarter deficit by 66%

By Emilia Tagaza in Manila

THE SOFTENING of foreign interest rates, stable fuel prices, and the introduction of more flights to the lucrative Middle East market, have helped reduce the first-quarter 1982 loss of Philippine Airlines (PAL) to 69m pesos (US\$3.2m). This is 66 per cent less than the net loss of 203m pesos incurred in the same period of 1981.

With the inclusion of extraordinary items, consolidated after-tax profits for the group showed a fall of 0.5 per cent to A\$89.1m, from A\$91.8m.

An unchanged interim dividend of 14 cents per share has been declared, from earnings a share of an adjusted 42.31 cents, against 42.7 cents.

The ANZ's interim operating profit before tax was 3.5 per cent down at A\$180.2m, on group income showing a gain of 32.7 per cent to A\$1,280m, from A\$968m.

As with the National Bank

## ANZ Banking just ahead at six months

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Australia and New Zealand Banking Group showed a gain in after-tax consolidated profits, excluding extraordinary items, in the six months to March 31, of 1.2 per cent to A\$89.1m (US\$94m), from the A\$88.1m of the first-half of 1981.

With the inclusion of extraordinary items, consolidated after-tax profits for the group showed a fall of 0.5 per cent to A\$89.1m, from A\$91.8m.

An unchanged interim dividend of 14 cents per share has been declared, from earnings a share of an adjusted 42.31 cents, against 42.7 cents.

The ANZ's interim operating profit before tax was 3.5 per cent down at A\$180.2m, on group income showing a gain of 32.7 per cent to A\$1,280m, from A\$968m.

As with the National Bank

## Bank of Tokyo (Curaçao) Holding N.V.

U.S. \$60,000,000 Guaranteed Floating Rate Notes due 1984

For the six months 18th May, 1982 to 18th November, 1982

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 15 per cent, and that the interest payable on the relevant interest payment date, 18th November, 1982 against Coupon No. 10 will be U.S. \$76.67. These Notes are listed on the Luxembourg Stock Exchange.

By: Morgan Guaranty Trust Company of New York, London Agent Bank.

## Oesterreichische Kontrollbank Aktiengesellschaft

U.S. \$75,000,000 Guaranteed Floating Rate Notes 1986

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 18th May, 1982 to 18th November, 1982 the Notes will carry an interest rate of 14½ per annum. On 18th November, 1982 interest of U.S. \$380-14 will be due per U.S. \$5,000 Note for Coupon No. 3.

European Banking Company Limited (Agent Bank)

18th May, 1982

## The Industrial Bank of Japan Finance Company N.V.

U.S. \$50,000,000 Guaranteed Floating Rate Notes Due 1988

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank, N.A., dated November 16, 1981, notice is hereby given that the Rate of Interest has been fixed at 14½ p.a., and that the interest payable on the relevant Interest Payment Date November 18, 1982, against Coupon No. 2 will be U.S. \$760.28.

May 18, 1982

By: Citibank, N.A., London, Agent Bank

CITIBANK

## Taiping Textiles in the red

By Wong Sulong in Kuala Lumpur

TAIPING TEXTILES, Malaysia's biggest quoted textile group, suffered a pre-tax loss of 1.58m ringgit (US\$0.69m) for the year ended December compared with a profit of 5.7m ringgit in 1980. Turnover was marginally lower at 54m ringgit.

The setback is indicative of the bad times facing the Malaysian textile industry, which has been hard hit by falling export orders.

The company said its costs had risen significantly, particularly electricity.

A tax-free dividend of 7.5 cents has been declared compared with 10 cents previously.

## THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of April 30 1982 U.S.\$6.16

Listed Luxembourg Stock Exchange

Agent: Banque Générale du Luxembourg Investment Bankers: Manila Pacific Securities, SA

## Marginal rise in profits at Zim Israel Navigation

BY L. DANIEL IN TEL AVIV

ZIM ISRAEL Navigation Company, the country's national carrier, has reported a 4.7 per cent increase in 1981 net profits to US\$10.39m from US\$9.92m a year earlier. The profits are calculated at exchange rates in force at the respective year ends.

Turnover rose to \$738m from \$707m although the volume of cargo carried was virtually stagnant at 3.2m tonnes. This consisted of 6.2m tonnes of Israeli imports and exports and the balance of third country cargoes which accounted for 54 per cent of total profits.

The company sold three ships last year and collected insurance on two lost at sea. It took delivery of two new large container ships costing \$65m and another four ships are being built for it at a total cost of \$150m for delivery late next year. In addition a \$35m container ship was delivered at the beginning of 1982.

● ALLIANCE TIRE & Rubber, the major Israeli tyre company, said first quarter net profit was Sh 899,000 (U.S.\$47,000), down

from Sh 8.15m in the first quarter of 1981. Sales for the quarter were Sh 387.03m against Sh 171.47m a year ago.

The company said that at the end of this year's first quarter it equalled Sh 19.159 compared with Sh 8.826 a year earlier.

Mr Mordechai Greenberg, president, said high financing expenses in Israel continued to have a significant adverse impact on profits.

● ELSCINT, the Israeli electronics company, will spend about \$60m including outside grants in three years for research and development to maintain and expand its worldwide market share in the growing medical diagnostic imaging field. Dr Abraham Suhani, Chairman and chief executive officer, told security analysts in New York.

Dr Suhani said Elscint intends to introduce an integrated digital radiography system during the latter part of 1982 and has started an R and D programme on nuclear magnetic resonance.

## KAC plans expansion of services

By James Dorsey in Kuwait

KUWAIT AIRWAYS Corporation (KAC) plans to expand its services in an effort to reduce its losses. Among the plans is the introduction of an air taxi service employing planes capable of accommodating eight passengers.

The planes will make up to six hour non-stop journeys to destinations in both the Gulf and Europe.

KAC is also expected to initiate flights this summer to both Nice and Malaga and to increase the number of flights to Cairo, Amman, Damascus, Karachi, London and New York.

## Alcoa Australia seeking smelter project partner

MELBOURNE—Alcoa of Australia is seeking joint venture partners to participate in the company's A\$1bn (US\$1.06bn) aluminium smelter project at Portland, Victoria. Sir Arvi Parbo, the chairman, said.

Sir Arvi's statement was released following reports of the move in Japanese trade journals and he noted that while talks had been held with several companies, no decision had been made.

## Slower growth at TNT

BY OUR FINANCIAL STAFF

THOMAS NATIONWIDE Transport, the Australian-based international transport and freight company, has reported a net profit of A\$51.2m (US\$54m), for the nine months ended March against A\$36.07m a year earlier. Growth slowed considerably from the first half because of a worldwide reduction in economic activity.

Revenues rose by almost 20 per cent to A\$860.45m from A\$802.7m a year earlier. The company declared an unchanged

quarterly dividend of 3 cents a share out of earnings of 25.6 cents a share against 24.9 cents.

The net profit was before an extraordinary loss of A\$10.06m, mainly from currency exchange losses, compared with an extraordinary profit of A\$3.3m a year earlier.

TNT said it expects its full year net profits to be well ahead of last year's A\$53.1m despite the effects of the world economic slowdown.

This announcement appears as a matter of record only.

April 1982

Republicsteel

Republic Steel Corporation

U.S. \$50,000,000

Multi-Currency Loan Facility

Managed by

Orion Royal Bank Limited

Algemeine Bank Nederland N.V.	Commerzbank Aktiengesellschaft
The Bank of Nova Scotia Group	Credit Suisse
The Bank of Tokyo Trust Company	National Westminster Bank Group
Barclays Bank International Limited	Westdeutsche Landesbank Girozentrale

Agent Bank

ORION ROYAL BANK LIMITED

Member of The Royal Bank of Canada Group



ARTOC BANK AND TRUST LIMITED

The Board of Directors of Artoc Bank & Trust Limited are pleased to announce an increase in the issued and fully paid share capital effective 17th May, 1982.

This additional increase brings the issued and fully paid share capital of the Bank to US\$ 50,000,000.

Head Office Charlotte House Charlotte Street P.O. Box N8319 Nassau, Bahamas  
Tel: (809) 32-51183 Telex: 20270 ARTOC BANK

REPRESENTATIVE OFFICES

7 St. James's Street,  
London, SW1A 1EE, England  
Telephone: (01) 430-9652  
Telex: 976247

9 rue de la Paix,  
Paris 75002, France  
Telephone: 261-64-54  
Telex: 214626

ADVISORY OFFICE

Arah Gulf Building,  
El Souf Street,  
P.O. Box 23074 Kuwait  
Telephone: 421590 Telex: 23661 ACSA KT

# GOULD'S MAP FOR GROWTH

Electronics is one of Europe's fastest growing industries, and few electronics companies are growing faster than Gould.

In just a little over a decade, Gould has become a \$2 billion force in the American electronics industry. And now we are committed to the same kind of dynamic growth in Europe.

With 14 manufacturing plants already in Europe, we are making a whole range of high-technology products for use here and export world-wide.

It's all part of our strategy. It's a strategy that means Gould is focusing on the electronic products where our proven technological capabilities give us the strongest competitive advantage. We're concentrating in six market segments where this technology shows substantial growth opportunities.

These six key areas are high performance 32-bit minicomputers, factory automation, test and measurement, medical instrumentation, defence systems and electronic components and materials.

To learn more about our company, our strategy and our activities, write to Gould, Department A1, Raynham Road, Bishop's Cleeve, Hertfordshire CM23 5PF, England.



GOULD

Electronics &amp; Electrical Products

IN EUROPE: GOULD SET, GOULD BETTY, GOULD MONITOR, GOULD INSTRUMENTS, GOULD MEDICAL, GOULD POL, GOULD METALL, GOULD POWER CONVERSION, GOULD ACTUATOR, GOULD CEE, GOULD SHUTTLE, GOULD RECENT.



Industry  
Development

Stock 1 1

break of speculative activity in the cheaper Oils on news that Pancontinental Petroleum Co. had well but encountered some oil in the first drill-stem-test. The well has only been in work for a week. Pancontinental Petroleum gained 7 cents at 48 cents, Bilgh Oil 13 cents at \$51.25 and Sydney Oil 15 cents at \$51.00.

Gold Mining issues provided firm spots in Central Norseman, up 15 cents at \$64.80, and GMR, 20 cents higher at \$83.90.

CSR was only 5 cents easier at \$33.30, although it had to swallow more bad news from the commodities markets with sugar

ger Inde .....	3
rs Adolph....	1
.....	2

ANZ added 25 cents to A\$4.30 to close. Banks on disappointing interim half-year results.

### Hong Kong

Stock prices mostly drifted lower yesterday to fairly quiet trading as the consolidation that began last week continued. The Hang Seng index slipped 6.03 to 1,361.50. On the four exchanges, combine turnover came to HK\$4.91m, down from last Friday's HK\$7.36m.

Brokers said that they expect further consolidation in coming days as the market digests its recent gains over the past week. Turnover is also expected to fall off until trading receives a new stimulus. However, the next major break should be up, they added.

Today's issues: HK Electric

allyl IRG.....	4
er Corp.....	2
y Chemical ...	2

phones lost 55 cents to HK\$29.70.

### Johannesburg

Gold shares were generally firmer with the bullion price in improved turnover. St Helena stood out with a rise of R250 to R31.00, while Kloof advanced R150 to R30.00.

Diamond leader De Beers eased 5 cents to R4.95 after news of its Lesotho mine closure.

Falls outnumbered rises by about three-to-one in industrials, where Tiger Oats shed 25 cents to R18.75.

---

JAPAN (continued)			
+ or -	May 17	Price Yen	+ or -
-0.16	Kubota	\$30	.....

the Prod.....	1
Gold O .....	2
an.....	3

[illegible]

Robert McM...	1
Shauf.....	1

-.01	Plenser	1,480	+50
	Polaroid	540	+30
	Ricoh	540	+14
-.01	Sanyo Elect.	457	+1
	Sanyo	262	+2
	Sekisui Prod.	750	—
-.08	Sharp	820	+25
	Shimadzu	820	+5
-.01	Sony	3,210	-70
	Stanley	360	-15
-.05	Tanaka Corp.	631	—
	Taiwan Dong	270	—
-.05	Taipei Corp.	378	+2
-.05	Taiwan Pharm.	378	-7
-.05	Taiwan Pharm.	378	-2
+0.01	TDK	5,210	+70
	Telint	110	+1
	Telint Oil	252	—
-.05	TBS	465	+7
	Tokio Marine	487	-7
+0.05	Tokyo Chem. Pwr.	410	+5
	Tokyo Gas	410	—
	Tokyo Sanyo	410	-1
	Tokyo Sanyo	410	-1
	Toshiba	455	+3
+0.05	TOTO	436	+3
+0.05	Toshiba	470	+5
	Toyota Motor	1,110	+10
	Vieter	2,440	+90

Year Tires...	2
Year Tires...	2
Year Tires...	2

+0.01	Yanada F176	227	.....
+0.01	Yanagawa Edge	529	.....

SINGAPORE			
	May 17	Price \$	+ or
Boutland Shd.	2.10	-0.04	
Cold Storage	4.02	-0.04	
OBS	2.5	-0.05	
Fraser & Neave	0.55	-0.18	
Malayan Treas	0.5	+0.02	
Incidents Shd	3.28	+0.18	
Malay Banking	0.4	-0.05	
CGSC	9.05	2.15	
Sinc Darby	6.23	-0.04	
Strait T76	4.68	-0.10	
UBO		-0.12	

SOUTH AFRICA			
	May 17	Price Rand	+ or
Abercom	2.28	-0.10	
S&G	2.4	+0.1	

6.58

or	Anglo Air Prop.	2.80	—0.05
	Karlow	2.8	—
	Austrian	35	+1
	CMA Freight	3.00	—
+10			
—1	De Beers	4.65	—0.06
—2	Oriental Int.	24.2	+0.5
—3	FS Goodf.	24.0	—1.5
—4	Gold Fields Inc.	60.0	—0.5
—5	Highland Steel	4.25	—0.05
—6	Huatai	1.5	—
—7	Klof	30.0	—1.5
—8	Nedbank	5.55	—0.20
—9	OK Bazar	15.5	+0.10
—10	Parsons Ind.	3.5	+0.15
—11	Rambrant	9.65	—0.05
—12	Russell	3.0	0.1
—13	Ruz	3.8	—
—14	Gage Mids	9.4	—
—15	SABraws	2.25	—0.10
—16	Schiff	16.5	—0.5
—17	Unisco.	3.50	+0.05
—18			
—19	Financial Rand	50.52	
—20	(Discount of 13%)		
	<b>BRAZIL</b>		
—21			
—22			
—23			
—24			
—25			
—26			
—27			
—28			
—29			
—30			

## May : May : —

1	Aesata	1.85	
2	Banco Brasil	14.50	-0.10
3	Beige Min	5.20	+0.10
4	Logan Amer	6.75	
5	Paraguay PP	11.50	+0.25
6	Sociedade Cruz	10.25	-0.21
7	Unipre	16.00	
8	Vale Rio Doce	5.60	-0.10

Turnover: Cr. 2,610.4m.  
 Volume: 357.4m.  
 Source: Rio de Janeiro SE.

These page are not quoted on the  
 are last traded prices. Ex Dettings  
 d. ex Ex scrip-tema. ex Ex rights.

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

1. 741

1. *Phragmites australis* (Cav.) Trin. ex Steud.

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

**SPECIAL**

1998

... ..

•

44-38861-100

100

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

---

**EQUITY GROUP  
& SUB-SECTION**

55

THE GROUP

**CONFIDENTIAL - EACU**

RESEARCH INDEX  
FINANCIAL GROUP

FIXED

1970	1971
1972	1973
1974	1975
1976	1977
1978	1979
1980	1981
1982	1983
1984	1985
1986	1987
1988	1989
1990	1991
1992	1993
1994	1995
1996	1997
1998	1999
2000	2001
2002	2003
2004	2005
2006	2007
2008	2009
2010	2011
2012	2013
2014	2015
2016	2017
2018	2019
2020	2021
2022	2023
2024	2025
2026	2027
2028	2029
2030	2031
2032	2033
2034	2035
2036	2037
2038	2039
2040	2041
2042	2043
2044	2045
2046	2047
2048	2049
2050	2051
2052	2053
2054	2055
2056	2057
2058	2059
2060	2061
2062	2063
2064	2065
2066	2067
2068	2069
2070	2071
2072	2073
2074	2075
2076	2077
2078	2079
2080	2081
2082	2083
2084	2085
2086	2087
2088	2089
2090	2091
2092	2093
2094	2095
2096	2097
2098	2099
2100	2101
2102	2103
2104	2105
2106	2107
2108	2109
2110	2111
2112	2113
2114	2115
2116	2117
2118	2119
2120	2121
2122	2123
2124	2125
2126	2127
2128	2129
2130	2131
2132	2133
2134	2135
2136	2137
2138	2139
2140	2141
2142	2143
2144	2145
2146	2147
2148	2149
2150	2151
2152	2153
2154	2155
2156	2157
2158	2159
2160	2161
2162	2163
2164	2165
2166	2167
2168	2169
2170	2171
2172	2173
2174	2175
2176	2177
2178	2179
2180	2181
2182	2183
2184	2185
2186	2187
2188	2189
2190	2191
2192	2193
2194	2195
2196	2197
2198	2199
2200	2201
2202	2203
2204	2205
2206	2207
2208	2209
2210	2211
2212	2213
2214	2215
2216	2217
2218	2219
2220	2221
2222	2223
2224	2225
2226	2227
2228	2229
2230	2231
2232	2233
2234	2235
2236	2237
2238	2239
2240	2241
2242	2243
2244	2245
2246	2247
2248	2249
2250	2251
2252	2253
2254	2255
2256	2257
2258	2259
2260	2261
2262	2263
2264	2265
2266	2267
2268	2269
2270	2271
2272	

1944

...



## Companies and Markets

## LONDON STOCK EXCHANGE

## Industrial leaders react sharply awaiting Falklands developments—30-share index falls 14.8 to 575.8

Account Dealing Dates  
 \*First Declared Last Account  
 Dealings 10th Dealings Day  
 Apr 30 May 13 May 24  
 May 1 June 3 June 14  
 June 7 June 17 June 28

\*New time dealing may take place from 9 am to 2.30 pm on business days.

London stock markets were again dominated by the Falkland Islands crisis. Yesterday, the first session of a three-week trading Account, saw a marked reaction to leading shares as the underlying tone became increasingly uncertain on worries about the possibility of an imminent collapse of the UN mediation attempts followed by a major military clash. British Funds, to contrast, charted a relatively steady course.

The overall volume of business again left much to be desired but, after a modest mark-down at the opening, equity quotations drifted progressively lower in a market lacking support.

The FT 30-share index closed at the lowest of the day with a fall of 14.8 to 575.8. Dividend deductions on index constituents accounted for about four points in yesterday's fall, which was its

biggest single day setback for six months. Selling was usually light, but offerings in an unwilling market became a little more persistent in the afternoon. The FT-Actuaries All Share index reacted 1.5 per cent to 332.73.

Glaxo, a strong market of late on hopes for its Zantac anti-acid drug, reacted fairly sharply following profit-taking while electricals, favoured initially after fresh comment on defence stocks, eventually succumbed to the general trend. Combining tight conditions in money markets restrained the short end of the gilt-edged market; quotations were marginally better initially, but subsequently reacted to last Friday's closing levels. Mediums and longs, on the other hand, improved by up to 1.5 per cent being bolstered by Mr. Leon Brittan's repeated optimism about the UK economy. The Government securities index hardened 0.19 to 69.34.

## Minet below best

Minet followed Friday's rise of 12 with a gain of 3 to 187p, after 191p, on con-

tinuing talk of a bid from Corroon and Black of the U.S. which already owns a 20 per cent stake in the company. Other Lloyds Brokers were mixed with Sedgwick closing 6 better at 171p and Stenhouse a few pence dearer at 117p; the latter's interim figures are due on Thursday. Awaiting today's preliminary figures, C. E. Heath dipped 7 to 338p. Apart from Eagle Star, which hardened a couple of pence more to 371p on press comment, Composites drifted lower. GRE shed 7 to 270p and Royals 5 to 337p.

The major clearing banks made progress in response to press comment. Barclays, which last week announced a resumption of Saturday banking in September, rose 10 to 455p. ANZ featured overseas issues with a drop of 20 to 340p following the disappointing interim figures. Elsewhere, Minister Assets hardened a penny to 804p after press comment while Guinness Peat firmed up a penny to 20p further consideration of the probable sale of the group's commodity trading business.

Electrical appliance wholesaler Martin Black staged a quiet debut on the Unlisted Securities Market at an opening level of 94p. The shares drifted back to close at 82p compared with the placing price of 90p.

Prewerles passed a quiet trading session, but Whitehead closed a few pence dearer at 141p. The shares of the latter figures in line with expectations, while satisfactory half-year results prompted a gain of 6 to 180p in Matthew Brown.

The underpin in Buildings stayed firm and the leaders made further modest progress. Farmac added 4 to 564p and BNP Industries a like amount to a 1982 peak of 464p. Press comment helped London Brick rise 2 to 100p. Redland also improved 2 to 178p, but Blue Circle softened that much, to 494p. Elsewhere, further speculative demand lifted Bredon and Cloud Hill 5 to 174p, while Thomas Warrington put on 2 to 97p awaiting today's annual results.

Francis Parker, a good market last week on bid hopes, added a penny more to 25p, while Nottingham Brick firmed 3 to 155p following press comment. Timber issues contrasted; Wameet and Kootenay, 164p, and Travis and Arnold, 182p, losing a slice on lack of interest.

Turnover in ICI was small and the price drifted off to close 4 cheaper on balance at 318p, after 327p. Fisons ended 5 down at 310p, while Amersham closed 3 off at 214p.

Store leaders stumbled to the extent of 1p to 57p. Friday's UDS retreated 3 to 56p, while Marks and Spencer eased a

similar amount to 159p and as did British Home, to 156p. Gussies A shed 5 to 497p and Debenhams softened a penny to 74p; the latter's annual figures are due on Friday. Elsewhere, James Beattie A firmed 3 to 133p following the results and proposed 100 per cent scrip-issue. Despite the interim profits setback, Selmeur firmed 12p before closing a fraction higher at 113p. Prevailing bid hopes bolstered J. Hepworth, 2 up at 106p.

The popular defence stocks in the Electrical sector closed at the day's lowest following sporadic underbids and lack of fresh support. GEC fell 13 to 89p, while Plessey relinquished 3 to 425p as did Rael, 47p and Thorne EMI cheapened 5 to 445p. Elsewhere, helped to a certain extent by bid hopes, the defence sector firmed 6 more to 297p, while George H. Schless appreciated 7 to 324p. Duhiller improved 2 to 81p ahead of tomorrow's preliminary figures but Christie gave up a penny to 20p further consideration of the probable sale of the group's commodity trading business.

Davy Corporation took a turn for the worse in Engineering, falling 7 to 128p, after 128p, on the announcement that the company has lost its position as consortium leader for construction of the £1.5bn oil refinery in India. Other Engineering leaders mirrored the general bid trend, claiming with falls ranging to around 10. Vickers lost 94 to 185p and Hawker shed 81 to 320p, while GKN dipped 6 to 162p.

Certain food retailers turned off awaiting details of Tesco's price cuts. Associated Dairies giving up 6 to 118p and J. Sainsbury 10 to 600p; Tesco held at 58p. Among other Foods, Tate and Lyle shed 4 to 455p and British Sugar firmed 1p to 455p. The market also fell on falling sugar prices. Press comment prompted a couple of firm spots. Wm. May and Palmer rising 4 to 96p and Nurdin and Peacock 2 to 148p.

Unilever disappoints  
 Miscellaneous Industrial leaders got the new Account off to a dull start. The Falkland Islands crisis restrained business and the market also underperformed by disappointments with Unilever's first-quarter figures. Unilever ended 10 off at 610p after reporting first-quarter profits some £10m below expectations, while BOC finished 4 cheaper at 165p despite reports of a £10m profit up by a third. After last week's rise of 57p on hopes that the group's Zantac anti-acid drug might soon receive U.S. approval, Glaxo encountered profit-taking and fell 13 to 677p. Bechem gave up 3 to 173p in sympathy.

Against the trend, Reed International gained 6 to 308p after a week-end press comment. Elsewhere, Aerona and General Instruments, a thin market, jumped 23 to 223p on defence spending hopes and Extel firmed 4 to 307p following renewed support ahead of results scheduled for May 27.

Among Motor Components, Dunlop shed 3 to 68p and Lucas Industries a penny to 183p. Automotive Products hardened a penny to 56p; the announcement that Lucas has arranged to place 6.8m Ordinary Shares and 0.88m Cum. Preference shares in Automotive through the market came well after the official close. Kwik-Fit (Tyres and Exhausts) firmed 31 to 51p and further consideration of the preliminary results. Hopes of increased Government spending on defence helped aerospace issue Dowty to rise 5 to 131p.

Land Securities touched 292p May 18, 1982, in a case of preliminary results before drifting off to close 2 cheaper on balance at 283p. MEPC touched 200p before reverting to the overnight level of 197p, while Slough Estates softened a couple of pence to 127p. Chorltonbury Estates again lacked support and shed 30 to a 193p low of 58p.

Oils cautious  
 The tone in Oils was cautious and quotations succumbed to a scrappy selling. Shell touched 422p before closing 4 cheaper on balance at 416p awaiting tomorrow's first-quarter figures, while British Petroleum firmed 6 down at 314p.

Overseas Traders were featured by a speculative rise of 6 in 73p to Tozer Kempsey and Millhouse on vague bid suggestions.

Coalfields came under pressure and shed 5 to 53p; the preliminary results are due on May 27. Elsewhere in the

Textile sector, Lister attracted fresh speculative support and put on 3 to 35p, but Footat shed that much, to 34p, and A. Beckman lost 4 to 73p.

Tobacco turned easier in the absence of support. Bats lost 15 to 442p and while Imperial shed 11 to 85p and speculative Rothmans relinquished 4 to 94p.

A depressed market of late following the South African Supreme Court's decision to veto Kirsch Industries' partial bid, Greatman Stores A rallied 20 to 280p.

Gold's edge higher  
 South African Golds made modest progress for the fourth successive trading day as the hullio price continued to edge higher amid growing concern over the situation in the South Atlantic.

Initially steady to subdued trading, the sharemarket began to move ahead around mid-day with speculative interest fuelled by reports that British warships were under attack off the Falkland Islands.

However, the absence of official confirmation of the reports encouraged minor profit-taking and quotations generally closed below the day's best.

The Gold Mines index rose 0.5 more to 236.4, restrained by the Orange Free State mine in the Anglo American group.

Deals arranged to be traded Options amounted to 1,675, comprising 1,232 calls and 443 puts. Courtaulds attracted 467 calls, 358 of them to the July 90 series.

ACTIVE STOCKS  
 Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Courtaulds	85	+3	Land Securities	283	-2
Glaxo	677	-13	Legal & General	242	-3
Howley Grp	91	+4	Minet Hldgs	187p	+3
Heath (C.E.)	338	-7	Selmeur	113	+4
Imperial Grp	85	+1	Shell Transport	418	-4
Kwik-Fit	51d	+3	Unilever	610	-10

FRIDAY'S ACTIVE STOCKS  
 Based on bargains recorded in S.E. Official List

Stock	No. of closing	Day's change	Stock	No. of closing	Day's change
Trident T/A	24	+7	BP	14	+2
Grand Met	20	+5	Chysel Pet	14	+6
Cousins	30	+5	Decca	14	+2
ACC	19	+5	Shell Trans	14	+4
U.S.	17	+5	Grindlays	13	+5
Asia Heat Svcs	17	+5	Inter-City Inv	13	+8
John G. Galt	16	+27	Leigh Inty	13	+12
Corp of Amer	16	96			

week-end press comment. Elsewhere, Aerona and General Instruments, a thin market, jumped 23 to 223p on defence spending hopes and Extel firmed 4 to 307p following renewed support ahead of results scheduled for May 27.

Among Motor Components, Dunlop shed 3 to 68p and Lucas Industries a penny to 183p. Automotive Products hardened a penny to 56p; the announcement that Lucas has arranged to place 6.8m Ordinary Shares and 0.88m Cum. Preference shares in Automotive through the market came well after the official close. Kwik-Fit (Tyres and Exhausts) firmed 31 to 51p and further consideration of the preliminary results.

Hopes of increased Government spending on defence helped aerospace issue Dowty to rise 5 to 131p.

Land Securities touched 292p May 18, 1982, in a case of preliminary results before drifting off to close 2 cheaper on balance at 283p. MEPC touched 200p before reverting to the overnight level of 197p, while Slough Estates softened a couple of pence to 127p. Chorltonbury Estates again lacked support and shed 30 to a 193p low of 58p.

Oils cautious  
 The tone in Oils was cautious and quotations succumbed to a scrappy selling. Shell touched 422p before closing 4 cheaper on balance at 416p awaiting tomorrow's first-quarter figures, while British Petroleum firmed 6 down at 314p.

Overseas Traders were featured by a speculative rise of 6 in 73p to Tozer Kempsey and Millhouse on vague bid suggestions.

Coalfields came under pressure and shed 5 to 53p; the preliminary results are due on May 27. Elsewhere in the

Textile sector, Lister attracted fresh speculative support and put on 3 to 35p, but Footat shed that much, to 34p, and A. Beckman lost 4 to 73p.

Tobacco turned easier in the absence of support. Bats lost 15 to 442p and while Imperial shed 11 to 85p and speculative Rothmans relinquished 4 to 94p.

A depressed market of late following the South African Supreme Court's decision to veto Kirsch Industries' partial bid, Greatman Stores A rallied 20 to 280p.

Gold's edge higher  
 South African Golds made modest progress for the fourth successive trading day as the hullio price continued to edge higher amid growing concern over the situation in the South Atlantic.

Initially steady to subdued trading, the sharemarket began to move ahead around mid-day with speculative interest fuelled by reports that British warships were under attack off the Falkland Islands.

However, the absence of official confirmation of the reports encouraged minor profit-taking and quotations generally closed below the day's best.

The Gold Mines index rose 0.5 more to 236.4, restrained by the Orange Free State mine in the Anglo American group.

Deals arranged to be traded Options amounted to 1,675, comprising 1,232 calls and 443 puts. Courtaulds attracted 467 calls, 358 of them to the July 90 series.

ACTIVE STOCKS  
 Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Courtaulds	85	+3	Land Securities	283	-2
Glaxo	677	-13	Legal & General	242	-3
Howley Grp	91	+4	Minet Hldgs	187p	+3
Heath (C.E.)	338	-7	Selmeur	113	+4
Imperial Grp	85	+1	Shell Transport	418	-4
Kwik-Fit	51d	+3	Unilever	610	-10

FRIDAY'S ACTIVE STOCKS  
 Based on bargains recorded in S.E. Official List

Stock	No. of closing	Day's change	Stock	No. of closing	Day's change
Trident T/A	24	+7	BP	14	+2
Grand Met	20	+5	Chysel Pet	14	+6
Cousins	30	+5	Decca	14	+2
ACC	19	+5	Shell Trans	14	+4
U.S.	17	+5	Grindlays	13	+5
Asia Heat Svcs	17	+5	Inter-City Inv	13	+8
John G. Galt	16	+27	Leigh Inty	13	+12
Corp of Amer	16	96			

week-end press comment. Elsewhere, Aerona and General Instruments, a thin market, jumped 23 to 223p on defence spending hopes and Extel firmed 4 to 307p following renewed support ahead of results scheduled for May 27.

Among Motor Components, Dunlop shed 3 to 68p and Lucas Industries a penny to 183p. Automotive Products hardened a penny to 56p; the announcement that Lucas has arranged to place 6.8m Ordinary Shares and 0.88m Cum. Preference shares in Automotive through the market came well after the official close. Kwik-Fit (Tyres and Exhausts) firmed 31 to 51p and further consideration of the preliminary results.

Hopes of increased Government spending on defence helped aerospace issue Dowty to rise 5 to 131p.

Land Securities touched 292p May 18, 1982, in a case of preliminary results before drifting off to close 2 cheaper on balance at 283p. MEPC touched 200p before reverting to the overnight level of 197p, while Slough Estates softened a couple of pence to 127p. Chorltonbury Estates again lacked support and shed 30 to a 193p low of 58p.

Oils cautious  
 The tone in Oils was cautious and quotations succumbed to a scrappy selling. Shell touched 422p before closing 4 cheaper on balance at 416p awaiting tomorrow's first-quarter figures, while British Petroleum firmed 6 down at 314p.

Overseas Traders were featured by a speculative rise of 6 in 73p to Tozer Kempsey and Millhouse on vague bid suggestions.

Coalfields came under pressure and shed 5 to 53p; the preliminary results are due on May 27. Elsewhere in the

## RECENT ISSUES

Issue price	1982	Stock	Closing price	+ or -
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1

Issue price	1982	Stock	Closing price	+ or -
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1

Issue price	1982	Stock	Closing price	+ or -
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1

Issue price	1982	Stock	Closing price	+ or -
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend. g P/E ratio based on latest annual earnings. h Forecast dividend; cover based on previous year's earnings. i Dividend and yield based on prospectus or other official estimates for 1982. j Gross. k Figures assumed. l Figures of report awaited. m Cover allows for conversion of shares not now ranking for interest or ranking only for restricted dividends. n Effective price. o Price unless otherwise indicated. p Issued by way of capitalisation. q Reintroduced. r Issued in connection with reorganisation, merger or takeover. s Issued in connection with takeover. t Issued in connection with takeover. u Issued in connection with takeover. v Issued in connection with takeover. w Issued in connection with takeover. x Issued in connection with takeover. y Issued in connection with takeover. z Issued in connection with takeover.

Issue price	1982	Stock	Closing price	+ or -
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1
140	F.P. 14.5	AIM Group 100	170	+1

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend. g P/E ratio based on latest annual earnings. h Forecast dividend; cover based on previous year's earnings. i Dividend and yield based on prospectus or other official estimates for 1982. j Gross. k Figures assumed. l Figures of report awaited. m Cover allows for conversion of shares not now ranking for interest or ranking only for restricted dividends. n Effective price. o Price unless otherwise indicated. p Issued by way of capitalisation. q Reintroduced. r Issued in connection with reorganisation, merger or takeover. s Issued in connection with takeover. t Issued in connection with takeover. u Issued in connection with takeover. v Issued in connection with takeover. w Issued in connection with takeover. x Issued in connection with takeover. y Issued in connection with takeover. z Issued in connection with takeover.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend. g P/E ratio based on latest annual earnings. h Forecast dividend; cover based on previous year's earnings. i Dividend and yield based on prospectus or other official estimates for 1982. j Gross. k Figures assumed. l Figures of report awaited. m Cover allows for conversion of shares not now ranking for interest or ranking only for restricted dividends. n Effective price. o Price unless otherwise indicated. p Issued by way of capitalisation. q Reintroduced. r Issued in connection with reorganisation, merger or takeover. s Issued in connection with takeover. t Issued in connection with takeover. u Issued in connection with takeover. v Issued in connection with takeover. w Issued in connection with takeover. x Issued in connection with takeover. y Issued in connection with takeover. z Issued in connection with takeover.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend. g P/E ratio based on latest annual earnings. h Forecast dividend; cover based on previous year's earnings. i Dividend and yield based on prospectus or other official estimates for 1982. j Gross. k Figures assumed. l Figures of report awaited. m Cover allows for conversion of shares not now ranking for interest or ranking only for restricted dividends. n Effective price. o Price unless otherwise indicated. p Issued by way of capitalisation. q Reintroduced. r Issued in connection with reorganisation, merger or takeover. s Issued in connection with takeover. t Issued in connection with takeover. u Issued in connection with takeover. v Issued in connection with takeover. w Issued in connection with takeover. x Issued in connection with takeover. y Issued in connection with takeover. z Issued in connection with takeover.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend. g P/E ratio based on latest annual earnings. h Forecast dividend; cover based on previous year's earnings. i Dividend and yield based on prospectus or other official estimates for 1982. j Gross. k Figures assumed. l Figures of report awaited. m Cover allows for conversion of shares not now ranking for interest or ranking only for restricted dividends. n Effective price. o Price unless otherwise indicated. p Issued by way of capitalisation. q Reintroduced. r Issued in connection with reorganisation, merger or takeover. s Issued in connection with takeover. t Issued in connection with takeover. u Issued in connection with takeover. v Issued in connection with takeover. w Issued in connection with takeover. x Issued in connection with takeover. y Issued in connection with takeover. z Issued in connection with takeover.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Ass







## INSURANCE & OVERSEAS MANAGED FUNDS

### NOTES

\* Unless otherwise indicated all prices are U.S. dollars.  
\* Prices with prefix refer to U.S. dollars.  
\* (shown in last column) allow for a 2% discount.  
\* Offered prices include a 2% discount.  
\* Yield based on offer price.  
\* Today's opening price.  
\* UK taxes.  
\* Periodic payments.  
\* Single premium.  
\* Offered price includes all expenses.  
\* Offered price includes all expenses.  
\* Through managers.  
\* Previous year's gross.  
\* Suspended Jersey tax.  
\* Ex-subdivision to charitable bodies.







## OIL AND GAS—Continued

[illegible]

prospectus or other official estimates for 1952-53. In dividend and yield based on prospectus or other official estimates for 1952-53. In Dividend and yield based on prospectus or other official estimates for 1952-53. In Figures based on prospectus or other official estimates for 1952-53. In General, or estimated. 2. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 3. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 4. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 5. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 6. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 7. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 8. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 9. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 10. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 11. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 12. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 13. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 14. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 15. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 16. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 17. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 18. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 19. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 20. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 21. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 22. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 23. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 24. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 25. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 26. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 27. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 28. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 29. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 30. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 31. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 32. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 33. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 34. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 35. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 36. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 37. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 38. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 39. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 40. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 41. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 42. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 43. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 44. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 45. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 46. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 47. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 48. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 49. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 50. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 51. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 52. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 53. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 54. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 55. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 56. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 57. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 58. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 59. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 60. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 61. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 62. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 63. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 64. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 65. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 66. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 67. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 68. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 69. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 70. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 71. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 72. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 73. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 74. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 75. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 76. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 77. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 78. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 79. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 80. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 81. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 82. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 83. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 84. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 85. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 86. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 87. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 88. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 89. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 90. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 91. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 92. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 93. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 94. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 95. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 96. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 97. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 98. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 99. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 100. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 101. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 102. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 103. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 104. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 105. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 106. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 107. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 108. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 109. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 110. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 111. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 112. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 113. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 114. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 115. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 116. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 117. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 118. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 119. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 120. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 121. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 122. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 123. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 124. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 125. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 126. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 127. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 128. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 129. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 130. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 131. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 132. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 133. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 134. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 135. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 136. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 137. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 138. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 139. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 140. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 141. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 142. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 143. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 144. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 145. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 146. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 147. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 148. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 149. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 150. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 151. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 152. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 153. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 154. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 155. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 156. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 157. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 158. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 159. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 160. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 161. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 162. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 163. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 164. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 165. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 166. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 167. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 168. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 169. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 170. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 171. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 172. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 173. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 174. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 175. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 176. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 177. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 178. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 179. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 180. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 181. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 182. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 183. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 184. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 185. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 186. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 187. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 188. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 189. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 190. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 191. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 192. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 193. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 194. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 195. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 196. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 197. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 198. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 199. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 200. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 201. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 202. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 203. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 204. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 205. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 206. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 207. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 208. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 209. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 210. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 211. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 212. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 213. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 214. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 215. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 216. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 217. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 218. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 219. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 220. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 221. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 222. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 223. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 224. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 225. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 226. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 227. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 228. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 229. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 230. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 231. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 232. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 233. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 234. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 235. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 236. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 237. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 238. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 239. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 240. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 241. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 242. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 243. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 244. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 245. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 246. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 247. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 248. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 249. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 250. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 251. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 252. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 253. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 254. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 255. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 256. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 257. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 258. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 259. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 260. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 261. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 262. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 263. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 264. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 265. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 266. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 267. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 268. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 269. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 270. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 271. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 272. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 273. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 274. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 275. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 276. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 277. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 278. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 279. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 280. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 281. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 282. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 283. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 284. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 285. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 286. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 287. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 288. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 289. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 290. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 291. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 292. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 293. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 294. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 295. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 296. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 297. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 298. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 299. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 300. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 301. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 302. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 303. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 304. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 305. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 306. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 307. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 308. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 309. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 310. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 311. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 312. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 313. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 314. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 315. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 316. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 317. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 318. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 319. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 320. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 321. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 322. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 323. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 324. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 325. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 326. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 327. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 328. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 329. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 330. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 331. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 332. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 333. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 334. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 335. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 336. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 337. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 338. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 339. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 340. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 341. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 342. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 343. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 344. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 345. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 346. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 347. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 348. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 349. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 350. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 351. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 352. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 353. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 354. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 355. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 356. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 357. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 358. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 359. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 360. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 361. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 362. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 363. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 364. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 365. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 366. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 367. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 368. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 369. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 370. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 371. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 372. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 373. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 374. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 375. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 376. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 377. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 378. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 379. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 380. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 381. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 382. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 383. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 384. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 385. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 386. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 387. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 388. Dividend based on prospectus or other official estimates for 1952-53. In Dividend, or estimated. 389. Dividend based on prospectus or
--

[illegible][illegible]



**LITCHFIELD GROUP**  
**L.B. PLASTICS LTD.**  
 Britain's leading producer of plastic profiles.  
**LITCHFIELD BROS. LTD.**  
 Precision springs, pressings and wire forms.  
 Five Works, Nether Henge, Derby, DE5 2JL.  
 Tel: 077283 2211 Telex: 570225

# FINANCIAL TIMES

Tuesday May 18 1982

Vent-Axia

The first name in unit ventilation... look for the name on the product.

## NEI in Taiwan power station deal

BY MARK WEBSTER

NORTHERN Engineering Industries yesterday pulled off its second major foreign deal in less than a week when it signed a letter of intent to provide Taiwan with more than \$80m worth of equipment for a nuclear power station.

The deal represents an important breakthrough for the Newcastle upon Tyne power equipment group in the water-cooled nuclear reactors sector. It greatly enhances NEI's credibility in the world turbine generator market.

Assuming the letter of intent is transformed into a firm contract—and NEI said it expected contracts to be signed very

shortly—the group will supply two 1,020 Mw turbine generators, the biggest it has ever sold abroad, to the Taiwan Power Company (Taipower) for the Yenliao nuclear power station.

NEI believes the deal will enhance its chances of winning contracts in Britain if the Sizewell B, Suffolk, pressurised water reactor power station project goes ahead, as the Central Electricity Generating Board is recommending.

The Taiwan deal has been won against stiff competition from General Electric and Westinghouse of the U.S., Brown Boveri of Switzerland and Mitsubishi and Hitachi of Japan.

No details of the financing were released, but the Export Credits Guarantee Department is known to have covered some 85 per cent of the British content of the deal.

NEI said the successful running of the smaller Candu reactor in Ontario, Canada, in which it had played a large part, was a key factor in winning the Taiwan contract.

NEI signed a contract at the weekend for a complete coal-fired power station in northern India. NEI will engineer and manage the total package, which also involves GEC and Babcock. GEC has orders for more than \$40m and Babcock for over

\$15m for turbine generators and coal handling plant, while NEI has secured the remainder of the \$231.3m worth of British goods and services.

NEI said the contracts showed the value of the group's £21m investment in new production facilities during recent years and the technological advances it had made.

The work on the Taiwan project will be concentrated on the NEI Parsons plant at Newcastle upon Tyne, while the Indian contract will provide work at a number of NEI factories in the east Midlands, Scotland and the north east of England.

## ICL nears major order for PAYE computers

By Guy de Jonquieres

THE INLAND REVENUE is expected to confirm shortly that it will go ahead with plans to order computers worth £50m from ICL, Britain's largest computer manufacturer, following the successful completion of performance tests at a pilot installation.

The test results are an important boost for ICL, which was awarded the order late in 1980 on a single-tender basis after months of anguished Government discussions. The Treasury had wanted to open the bidding to IBM and other big U.S. companies, which, it argued, could do a better job.

Because the model 2966 computers proposed by ICL were new and untried, the Government insisted that the contract be conditional on the company running a demonstration project to prove to the Inland Revenue that it could provide the required performance.

The Inland Revenue doctored at first whether the company could meet its needs. Mr. Steve Matheson, the assistant secretary in charge of the project, admitted yesterday, "The success of this phase must give a good deal more confidence in the next phase of ICL's expansion," he said.

The company hopes that the Inland Revenue's positive verdict will make it a more credible bidder when it competes with IBM and other foreign suppliers for future large Government orders. The first of these is likely to be for the modernisation of the Drive and Vehicle Licensing Centre in Swansea.

The Inland Revenue plans to computerise its Pay As You Earn (PAYE) system by installing about 15,000 terminals at almost 600 local tax offices around the country. The terminals will be linked to 44 large ICL computers at 12 regional centres, which will store tax records and process information.

The new system is expected to result in faster and more efficient processing of tax returns and to reduce clerical staff by almost 7,000. It could also, if the need arose, handle self-assessment and the collection of local income tax.

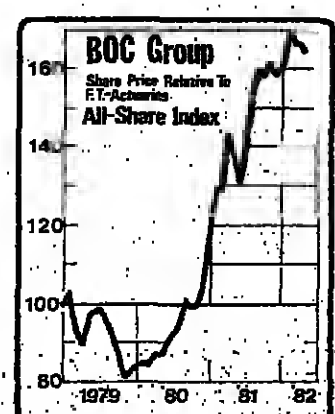
Advances in technology since the order was placed are expected to result in a more powerful and versatile system than originally envisaged. In particular, ICL expects to be able to provide direct on-line communications between tax centres in different regions, which could save money by linking up earlier plans.

The first phase of computerisation will start next year, when the Inland Revenue will connect 14 tax offices in the West Midlands to a computer based in Telford. It will take a further five years to extend the system to tax offices in the rest of the country.

## THE LEX COLUMN

# Whitbread downs fewer pints

Index fell 14.8 to 575.8



### Whitbread

Whitbread has managed to push up its profits in the year to February despite an alarming drop in beer volume. Stringent cost-cutting, reflected in extraordinary profits of £8.3m, must take most of the credit for a 10.2 per cent gain to 575.8m pre-tax.

Whitbread has reduced its UK workforce by about 1,500 over the past year, which represents an annual cost saving of perhaps £10m. The impact of redundancy payments on the company's cash flow has been absorbed by the receipt of final instalments on the Chiswell Street site. So interest charges are slightly lower for the full year.

Whitbread has been more consistent than most of its competitors in maintaining gross margins and even admits, in an unqualified way, to a loss of market share. But, if industry volume fell by almost 8 per cent in the second half of 1981, the company must now be worried about filling its production capacity, particularly since the Major brewery is on-stream and contributing to a substantial rise in depreciation charges.

So Whitbread may now try to claw back some of the lost volume. It is already sounding optimistic about a recovery in demand, but a 6.3 per cent yield, on last night's price of 113p, suggests that the market does not yet share its confidence.

### Unilever

Yesterday's first quarter figures from Unilever reinforced the stock market's perception that, after last year's exceptional earnings growth, 1982 will be a slower year. The share price is standing 10 per cent below the peak reached around the time of the preliminary statement; yesterday it fell 10p to 610p.

Expectations for the first quarter were perhaps unrealistic. Against a very strong period last year, Unilever has managed a fractional gain to £172.5m pre-tax in the face of considerable pressure on consumer spending. But there has

still been an underlying deterioration in the trading performance. Interest charges have fallen thanks to the release of working capital and higher cost control. There may also have been a net profit, an exceptional item, which included a book gain from the Linas sale.

The deterioration of U.S. consumer demand must be affecting the current quarter and the outlook for volume in Western Europe is very flat. Even allowing for productivity improvements in the mature markets, Unilever will again be counting on non-OECD countries for much of its earnings growth. Some areas remain fairly buoyant but Nigeria has gone sharply off the boil, as reflected in the contribution from associates, and may be hit further by import controls later in the year. So Unilever may not make much over £750m pre-tax in 1982. The shares, yielding an historic 6.3 per cent, have already adjusted.

### BOC Group

The BOC Group's reported profits continue to rise at a brisk pace, with an increase of a third to £14.9m in the six months to March, after full replacement cost depreciation. The fall of sterling and the absence of above-the-line redundancy costs both flatter the comparison, but there is an underlying improvement of more than 10 per cent. Considering the effect the U.S. recession is having on all major London developments, the results are a pleasing performance.

The best results have come

from Europe (largely the UK) where trading profits are up £8.8m to £22.2m, before any inventory gains. The disposal of loss-making businesses is part of the secret, as is better productivity, while over the last few months gas volume has been creeping steadily higher.

In the second half progress in Africa and Australia will slow down, and the U.S. remains poor. Last year BOC made two-thirds of its £94m pre-tax profits in the last six months, and it will do very well to match that second half this time. So £105m should be an acceptable figure for the year, with room for a good bounce in 1982-83.

Other companies may be hitting out at current cost accounting, but BOC is trying with the idea of producing its main-stream accounts on a CCA basis. Thanks to the benefit of the gearing adjustment, it makes rather larger profits under CCA than on its modified historical cost figures; while the rolling revaluation helps to keep the capital gearing respectable, shareholders' funds are up £90m in the six months to March. Most importantly, the dividend is very well covered on the most exacting convention—at 166p, down 4p yesterday, the shares yield 4 1/2 per cent.

### Land Securities

Feelings of unease over the property sector will have been soothed—though not removed—by Land Securities, whose 10.9 per cent revaluation, taking fully-diluted assets per share to 449p, surpassed most market estimates.

Land fell short, however, when it came to the dividend. The rise in pre-tax income from £54.9m to £67.4m would have covered the 15 per cent increase evoked by recent comparisons with the return available on index-linked stocks, and in that perspective 10 1/2 per cent is rather disappointing. But the effect on Hammerson's share price of its current rights issue cannot have been lost on Land, which is in any case heading into a period when income will advance more slowly, thanks to a heavier emphasis on cash-consuming development projects.

A modestly higher ratio of revaluations will at least help Land to defer its next equity-raising exercise into 1984, when two major London developments should have been safely marketed. Meanwhile, the shares yield 4.3 per cent at 233p.

## Slight fall in April retail sales volume

By Max Wilkinson, Economics Correspondent

THE VOLUME of retail sales fell back 0.6 per cent in April compared with March to about what it had been in February, according to official figures yesterday.

Some retailers say, however, that there are signs of modest improvement in business in the first two weeks of this month.

The Retail Consortium, which represents the majority of big store groups, said yesterday that trading conditions in April remained very tight with most retailers trying to maintain their sales volume by holding down prices. It did not expect much recovery in retail demand until the last quarter of this year.

Yesterday's Department of Trade figures for the provisional estimate of the volume index of sales for April at 108 (1975=100), about the same as in February last year, but 1.5 per cent above the level of April 1981.

The volume index for sales in the first three months of this year was 106.6, exactly the same as in the same period last year. Between the two quarters, sales increased by 8 per cent in value terms.

In the latest three months, February to April, the volume of sales was 0.5 per cent higher than the average for the previous three months.

The United Association for the Protection of Credit, the largest of the consumer credit organisations, said yesterday that consumers' demand for credit in April was 8 per cent higher than a year before. In the first four months of the year, demand for consumer credit was 6 per cent higher than in the same period of 1981.

This reflects the fact that people have been trying to maintain previous levels of consumption in spite of an average reduction against a year ago in the real value of their incomes.

Mr Tom McAuliffe, chairman of Argos, the catalogue stores chain, said yesterday: "I still see a few signs of recovery, but I am now less optimistic about when this may eventually occur." The most buoyant demand had been for garden furniture, garden tools, video and audio equipment, office equipment and sports equipment.

Mr David Johnson, chief executive of Rumbelows, the electrical retailing chain, said: "There is some business out there in the High Street, but we are all having to sell at very keen prices to get it." Sales in the last two weeks looked quite encouraging, he added.

## Soviet deposits in West increase

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Soviet Union sharply increased its deposits in the Western banking system by \$3.9bn (£2.1bn) in the final quarter of last year. This reversed sharp declines earlier in the year, according to latest figures from the Bank for International Settlements.

By the end of 1981 Soviet deposits with Western banks amounted to \$8.4bn, only \$200m short of their level at the end of 1980. In mid-1981 they fell to \$3.6bn, which was widely believed to have resulted from financial aid to Poland.

The Basle-based bank, a lead-

ing monitor of international banking flows, gives little clue to the reasons for the rebuilding of Soviet deposits at the end of the year. It does, however, say Moscow was a heavy seller of gold in the last quarter.

Only a small portion of the increased deposits came from heavier borrowing abroad. The bank's figures show that Soviet borrowing from Western banks rose by \$525m in the last quarter to \$15.9bn though the total was much higher than the \$13.4bn in borrowings recorded at the end of 1980.

The Soviet Union's financial position has been subject to close scrutiny by international

banks since the Polish debt crisis. Banks became increasingly sceptical of Moscow's ability to bail out any of its satellites in financial trouble.

Two of these, Poland and Romania, showed small declines in their borrowing from Western banks last year. Poland's debt to the banks fell to \$14.7bn from \$15.1bn, while Romania recorded a drop of \$543m to \$4.75bn.

Overall, borrowing from Western banks by Eastern European countries rose last year to \$60.78bn, from \$59.81bn in December 1980.

Bankers take up Opec slack, Page 28

## Last bid for peace Continued from Page 1

The timing of the end of the UN talks, she said, was dependent on "how long the UN Secretary General, a person of total integrity, thinks he can go on. My guess is that we shall know this week whether we are going to get a peaceful settlement or not."

This implies that Britain will delay any major military decision until the Secretary General calls an end to the talks.

The Prime Minister claimed that Argentina had not succeeded in its attempt to play for time since "no military decision had been held up because of our negotiation, not one single one."

Mrs Thatcher indicated some of the continuing anguish being experienced by senior Ministers about military action when she repeatedly referred, in horrified terms, to reports that President Leopoldo Galtieri had said he was prepared to sacrifice 40,000 lives for the islands.

On the paper visit, which she stressed was pastoral, Mrs Thatcher said she hoped "very, very much" that he (the Pope) will come and that he will get a warm welcome.

There was a full yesterday at Westminster as the UN and EEC talks continued but there is due to be a full Cabinet meeting this morning, probably followed by a ministerial statement in the Commons.

The signs last night were that the opposition parties were taking a critical look at the Government's negotiating position and its responsibility for any breakdown.

Mr Michael Foot, the Labour leader, last night wrote to the Prime Minister repeating his call for a full report to the Commons on the terms emerging from the UN talks before the Government took any decision on military escalation.

He suggested an undertaking that there should be no escalation for, say, 36 or 48 hours after the end of negotiations. A similar request last week was

rejected by the Prime Minister on the grounds that it was the Government's right to decide and then to justify its actions to the Commons.

Mr Denis Healey, shadow Foreign Secretary, claimed yesterday that there was still a real hope of a peaceful settlement. He said there were signs that real progress was being made in the talks and that Argentina was prepared to accept key conditions on withdrawal and on preconditions about sovereignty as laid down by the UK last week.

For the SDP/Liberal Alliance, Mr David Steel stressed that it was essential that, if negotiations broke down and full-scale military action took place, details of the proposals and how they came to fail should be made public.

He warned against the activities of war mongers. Mr Roy Jenkins backed the Government's position but also warned against talk about armed conflict and the danger of missing a peaceful solution. He said that to miss the chance of such a solution for party political motives would be a grave responsibility upon the Government.

"But the approach must be a two-way process and Mrs Thatcher must understand that the Conservative Party is not the nation."

Mr Sir Anthony Parsons said after talks in New York yesterday with Sir Javier Perez de Cuellar, the UN Secretary General: "We are still engaged in a very serious, determined, urgent effort to achieve a negotiated settlement." He would not amplify, except to say that he had come with instructions to continue negotiations.

John Wyles writes from Luxembourg: Italian opposition looked likely last night to rob Britain of its urgently needed agreement to renew the European Community's ban on

imports from Argentina. Instead, EEC governments may each apply their own measures against Argentine imports, without any Italian participation.

This setback for the UK emerged as EEC Foreign Ministers met late into the evening in Luxembourg in an effort to salvage some semblance of unity on the issue.

Following a serious erosion of domestic Italian support for continuing the sanctions, Sig. Emilio Colombo is said to have told his colleagues that Italian participation in further sanctions was out of the question.

The alternative approach of nine national import bans would be deeply unsatisfactory for the UK because it would take days, if not weeks, to put these measures into effect. As a result, Italy was under some pressure last night to allow renewal of the Community ban, while withdrawing from participation in it.

Any undermining of a united EEC approach could add to British public antipathy to the EEC, while the Community would lose credibility through failing to stay true to a policy which, a month ago, was trumpeted as a glorious expression of solidarity.

Italian officials explained that, if Sig. Colombo supported renewal of the Community ban, his government would face a parliamentary vote of censure and the coalition government led by Sig. Giovanni Spadolini would be likely to fall.

Italy supported sanctions a month ago on the assumption that there would be no serious military conflict. Sig. Colombo said the sinking of Argentine cruiser General Belgrano had had a dramatic effect on Italian opinion.

The Socialist members of the Rome coalition had turned against the import ban and had sections of the dominant Christian Democrats.

## UN report warns of stagnation danger

BY MAX WILKINSON,

THE WORLD is in danger of being sucked into a downward spiral of economic stagnation resulting from excessive anti-inflation policies and high arms spending, says an unpublished United Nations report.

The 19-page document by the UN committee for development planning is highly critical of the domestic and international policies of the U.S. and other, unnamed, "hard line" industrial powers.

It says: "Attempts to revive the developed market economies of industrialised countries by solving their domestic problems of stagnation first and postponing attention to the needs of the international economy have proved self-defeating."

The committee concludes that "present trends in the world economy point to the danger of further contraction and stagnation, entailing extensive human suffering in many of the poorest developing countries as well as the risks of widespread political instability."

It says the developing countries absorb between a third and a half of the total exports

from the U.S., Japan and Europe. Deflation in the West, with high interest rates and falling commodity prices has put a severe strain on the Third World and therefore reduced the market for Western exports.

"This inter-dependence of the world economy is making for a downward spiral which is particularly ominous against the background of mounting international tension."

The committee notes that last year world development came to a virtual halt. "The per capita output of the developing world as a whole fell for the first time since the great wave of decolonisation" that has taken place since the last war.

It says the stagnation of the under-developed countries is in marked contrast with what happened in the last recession in the mid-1970s when the growth momentum of the Third World was maintained.

This extremely sombre analysis is in sharp contrast to the cautiously optimistic tone of discussion last week between ministers and central bankers at the International Monetary

Fund development committee's meeting in Helsinki.

There, many of the industrial powers including the U.S., West Germany and the UK were encouraging about their success in curbing inflation, and believed that this provided a basis for future growth.

However, the UN committee says: "Experience in many countries suggests that attempts to check cost inflation by demand restriction will be largely ineffectual."

It suggests that more attention should be given to the possibility of using incomes policies to control real incomes.

In the short run the way out of the impasse, it believes, should be through much more vigorous policies of aid and support from the World Bank and the IMF.

It notes that Special Drawing Rights, the IMF's international reserve currency, represented only 4 per cent of the world's non-gold reserves last year compared with 8 per cent in 1972.

The committee believes a major increase in the World Bank's lending for development projects is needed—a view which runs directly counter to the present restrictive policies of the U.S.

The contraction of the world economy is a threat not only to world prosperity, but to world security, and the arms race enhances the threat to both," the report says.

The paper, entitled World Economic Recovery and International Monetary and Financial Co-operation, will be presented to the UN Economic and Social Council in Geneva next month.

## Weather

**UK TODAY**  
 TEMPERATURES near or above normal. Showers. Cloudy. Sunny intervals.  
 London, S.E., E., Central S. England, Midlands, Channel. Fog. Sunny intervals. Showers. Max 18C (64F).  
 S.W. England, Wales. Sunny intervals. Showers. Max 18C (64F).  
 Aberdeen, N.E. Scotland, Orkney, Shetland. Cloudy, misty. Showers. Max 12C (54F).  
 Rest of England, Scotland, IOW, N. Ireland. Cloudy. Sunny intervals. Showers. Max 17C (63F).  
 Outlook: Warm. Dry with sunny intervals. Rain later.

## WORLDWIDE

	Y'day midday	Today midday	Y'day midday	Today midday	
Ajaccio	20	66	Locarno	22	72
Algiers	22	72	London	19	66
Amman	22	72	Madrid	20	68
Athens	19	66	Luxemb.	19	66
Bahia	20	68	Lyon	20	68
Batumi	22	72	Moscow	23	72
Bombay	21	69	Munich	22	72
Buenos Aires	24	75	Nairobi	21	70
Calcutta	27	81	Paris	24	75
Cairo	19	66	Perth	17	63
Canton	14	57	Rangoon	21	70
Cebu	14	57	Reykjavik	17	63
Colon	14	57	Rome	21	70
Hankow	14	57	Sao Paulo	21	70
Hong Kong	14	57	Shanghai	21	70
Kobe	14	57	Singapore	21	70
London	19	66	Sydney	23	72
Lyons	19	66	Taipei	21	70
Manila	21	69	Tokyo	22	72
Medan	21	69	Ulan Bator	22	72
Montevideo	21	69	Yokohama	22	72
Mumbai	27	81			
Nairobi	21	70			
Paris	24	75			
Perth	17	63			
Rangoon	21	70			
Reykjavik	17	63			
Rome	21	70			
Sao Paulo	21	70			
Shanghai	21	70			
Singapore	21	70			
Sydney	23	72			
Taipei	21	70			
Tokyo	22	72			
Ulan Bator	22	72			
Yokohama	22	72			

C = Cloudy, F = Fair, R = Rain, S = Sunny.

Norm. GMT. Temperatures.

# NOBODY WANTS TO MOVE THEIR BUSINESS

Nobody wants to move their business—to Northampton or anywhere else. Relocating is a hassle. Thinking about it is as far as most firms ever get. And it's not surprising.

Once you start looking it's a jungle out there. Come here. Go there. Lots of choice, on the surface. Just like choosing a holiday resort. Or a new car. Easy. Exciting.

But it's not. It's possibly the biggest step any company ever takes. There's a lot of heart searching gone into it, and even more research. That's why most companies just want to stay where they are.

But what you want may not be what you need. The need to be nearer key markets. The need for cheaper

space. The need to find the right staff. And the big one. The need to expand, to find the room to build on your success.

Nobody wants to move to Northampton. Levi's didn't. Carlsberg didn't. Saab and Barclaycard didn't. Nor did any of the other successful companies that have relocated here. Not until they'd checked out the benefits. Until they'd found out that we can help to take the hassle out, and offer all the advantages expected of an expanding county town.

That's why they moved to Northampton. Because they needed it. Because nowhere else would do. Because it works. So send for our comprehensive information pack. Right now.

**expanding**

**NORTHAMPTON**

Contact Donald McLean on 0604 34734

Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN